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not recognize democracy if they met it on the streets of Saigon, for they have never been allowed to enjoy it in either North or South Vietnam.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 11380) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

A NEW LOOK AT FOREIGN AID

Mr. HUMPHREY. Mr. President, we are nearing both the halfway point in the decade of development, and the end of the current term of the incumbent administration. This is an opportune time for taking a new look at foreign aid so that we may intelligently chart our course for the years ahead.

For the foreign aid program, these have been an eventful 4 years. Since 1960, support for foreign aid has substantially increased in the United States, and the tempo of foreign aid activity has been stepped up around the world. Today, few question the need for a strong, effective foreign aid program.

Both of our political parties have continued to support foreign aid, despite disagreements about its size and content. The 1964 Republican Party platform, while suggesting revisions, recognizes that foreign aid is a vital national program, as, indeed, will the Democratic Party platform.

Public support for foreign aid has continued. The polls show that an increasing number of Americans consider foreign aid essential. Support among business leaders continues to increase, reflecting the growing awareness of American businessmen of the importance of foreign aid in developing a community of free and prosperous nations.

INCREASING INTERNATIONAL COOPERATION IN FOREIGN AID

Following our example, other countries have begun to play a more significant role in foreign aid. We can be proud of our leadership in launching the great international development effort now underway. Today, foreign aid is not just an American program, or even a program of the developed nations. It is an international program, supported by nations large and small, rich or poor.

A dramatic example of the kind of international cooperation now taking place in foreign aid is the development of the Mekong River Basin in southeast Asia, in which the United States, Canada, the Philippines, Australia, the United Kingdom, New Zealand, Japan, India, France, Pakistan, Iran, the Republic of China, and Israel all are participating. Topographic maps are being prepared by the Americans and Canadians. The Canadians and Filipinos are preparing damsite and irrigation plans. Geological studies for the damsites are being conducted by the Australians.

U.S. engineers are studying rainfall and stream flow. Navigational work is being carried out by the United Kingdom and New Zealand. Japanese and Amer-

ican engineers are preparing engineering studies for dam construction. French scientists are investigating the effects of proposed dams on sedimentation and fisheries. Japanese, French and United States engineers are preparing reconnaissance surveys on irrigation and power development. Pakistan is planning an irrigation distribution system for one dam. Israel is assisting with irrigation design at another. Israel, the Republic of China and Iran have donated materials. Various international organizations also are participating, including the U.N. Special Fund, which is supporting a hydrographic survey; the world meteorological organization, which is assisting with rainfall and streamflow surveys; UNESCO, which is studying water volume and density; and the U.N. Food and Agriculture Organization, which is setting up experimental farms. Other technical assistance is being provided by the International Labor Organization and the International Atomic Energy Agency.

FOREIGN AID OBJECTIVES RECONSIDERED

Despite increased acceptance, foreign aid is still plagued by questions about its objectives and doubts about its effectiveness.

The major question about objectives is whether foreign aid should be primarily a political or an economic program. Those making the political argument contend that foreign aid should be used to support the foreign policy objectives and security needs of the United States; and that economic development should be a secondary consideration. Those who argue for the economic point of view say that lasting economic and political benefits can be achieved from foreign aid only if it is used for long-range economic development.

The fact that foreign aid has attempted to serve both of these objectives has led some to argue that the program lacks clearcut purpose and direction. Some have even sought to devise ways of separating the long-term economic from the short-term political, only to realize the difficulties of separating political from economic factors.

Earlier this year a presidential commission found that it would be difficult to improve upon the present form and organization of foreign aid. Implicit in this decision was the recognition that the program serves a dual political and economic purpose, which in turn is best served by the present structure and functions of the foreign aid agency. Perhaps as a result of this decision, it will now be possible to arrive at a consensus that foreign aid is both a political and an economic program, and that these two purposes are interrelated and inseparable.

Foreign aid is an economic program. It seeks to increase the economic strength and vitality of nations struggling to free themselves from the trap of poverty. But foreign aid is also a political program. It seeks to promote the freedom and democratic growth of less-developed countries and the creation of a

community of free and prosperous nations.

Within each developing country, economic and political development are part of a circular process in which self-government depends upon economic survival, which in turn depends upon a framework of law and administration conducive to economic activity. In order for a country to develop, political as well as economic factors therefore must be taken jointly into account in providing assistance.

Some critics of the foreign aid program insist that it directs resources from domestic consumption. This argument is misleading in that it implies that the foreign aid program is unique in this respect. In reality all the principle instruments of our foreign policy divert resources—our military forces, our diplomatic community, our space program—as well as the aid program. But if one understands the true function of foreign aid, as one essential instrument of our foreign policy, then one will accept it as a normal tool which the United States must use in exercising its role as defender of the free world.

APPRAISAL OF THE EFFECTIVENESS OF FOREIGN AID

Questions about the effectiveness of foreign aid as an instrument of foreign policy are to be expected. How effective has it been? The results of the Marshall plan, both economic and military, are apparent. The results of assistance to the less-developed countries, on the other hand, are more difficult to assess, largely because they are inconclusive. In foreign aid as in politics it pays to wait until the results are in.

This takes time and patience. Only after 10 years were we able to evaluate the Marshall plan. Decades will be required before the effectiveness of assistance to the less-developed countries, which lack an industrial base and financial resources, can be adequately assessed—either the actual development of these countries, or the political benefits to be gained from providing assistance.

After investing about \$105 billion in foreign aid since 1948, how can we reckon its results in the less developed world, which has received about \$35 billion, while Europe and Japan received about \$50 billion? Of the \$55 billion, about \$3 billion was for UNRRA and other postwar rehabilitation, while another \$6 billion was food for peace; \$15 billion was for military assistance as such, while another \$21 billion was for related economic aid under what is now called "supporting assistance." The remaining \$13 billion was long-term assistance, primarily economic in character. Of this, technical assistance, which originated in the Point 4 program, was about \$2 billion. Export-Import Bank loans were another \$5 billion.

EVALUATION OF SECURITY ASSISTANCE

Security assistance, which includes military assistance together with related economic aid, has consumed two-thirds of all aid funds, counting food for peace, invested in the less developed countries since 1950. How can the results of this

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objectives of the Alliance for Progress are to be achieved.

MAJOR PROBLEMS

These are a few examples of the accomplishments of development assistance to the less developed countries. Although it is too early to give a full evaluation of the effectiveness of such assistance in producing self-sustaining economic growth, and in strengthening democratic institutions, there is general agreement that foreign aid has been a success and that it should continue.

Since 1960, a number of the more conspicuous weaknesses in foreign aid have been corrected, and others are being corrected under the able leadership of David Bell—I might add, respectfully, under the continuous prodding of the Senate Foreign Relations Committee and certain Senators who have spent a good deal of time seeking to improve the foreign aid structure.

MORE EMPHASIS ON EDUCATION

Of the major remaining problems, one of the more vexing is what is sometimes referred to as the lack of "human resources" or the "institutional framework" for development. Long a stumbling block in our aid program to the less developed countries, this continues to be a basic weakness in our whole aid effort. Three years ago, when the Foreign Assistance Act of 1961 was being considered by the Senate, I held some conferences with aid officials, in which I urged greater attention to educational assistance in the aid program. Although there have been some improvements in this respect, much more needs to be done. We should be considering, in cooperation with other donor nations and the World Bank, a much larger program of educational assistance, from grade school through the university.

THE NEED FOR POLITICAL DEVELOPMENT

Clearly, much more attention must also be given in fields related to political development. Progress has been made in these areas, especially in tax administration, but considerably more work needs to be done. Assistance of this nature is usually referred to under the broad category of "public administration," which includes such occupational groups as tax experts, budget and fiscal specialists, auditors and accountants, personnel and management specialists, procurement officers, and the like. Over 6,000 persons in these and other categories of public administration have been trained in the United States under the foreign aid program. We have also assisted with the establishment of public administration institutes in about 30 less developed countries. This is a significant record, but in view of the woeful lack of adequate administration in the less developed countries, I believe that a far larger effort needs to be made in this vital field.

There has been some talk, largely in academic circles and among the policy planners in the State Department, about the need for more emphasis on "political development" in the foreign aid program. Besides increasing our public administration activities, which certainly are directly related to political development,

I believe that we need to launch some new programs for the purpose of assisting with the political development of less developed countries. The aim of these would be to bring present and potential leaders into direct contact with democracy in action, as well as to enable them to study the history and principles of democracy. Many of our training programs do this indirectly. I believe that we need to design new programs whose direct aim will be to provide such training and experience, strengthening our present programs in this respect.

One of the primary difficulties with our aid program to the less-developed countries has been the lack of attention to political development. We have tended to assume that economic development was good per se. Some even seem to believe that democratic political development will automatically result from economic development. To a certain extent this is probably true, but the one does not necessarily follow the other. Economic development can and often does have a disruptive effect politically. This can lead to political instability, which, in turn, can result in an authoritarian political system.

Political development and economic development must, therefore, be carried out jointly. In order for countries to develop along democratic lines politically, programs of democratic political training should become a vital part of our aid program.

A related field of great importance is that of labor training and organization, and the development of cooperatives. The trade union movement and the cooperative movement have historically been basic forces in building a strong democratic society. Some progress has been made in providing assistance of this type, especially in the development of cooperatives in Latin America, but considerably more needs to be done.

Related to this is the need for increased attention to the development of entrepreneurship, or private business enterprise, in the less-developed countries. Economic and political development requires an attitude of local enterprise, and the assumption of personal responsibility. People must want to get ahead in order for lasting progress to occur. Private initiative is the key to economic growth and to a healthy, competitive political system in less-developed countries just as it is in the United States. Transferring these attitudes, of course, to other nations is difficult but not impossible. Again, some progress has been made, but much remains to be done.

I am gratified by the work being done by American universities in this field under AID auspices. Such projects as Harvard's business administration program in Central America, and the work of the University of Minnesota in higher education in economics in Colombia are examples of one approach to the problem. These and other efforts for encouraging private enterprise and private initiative should be encouraged and expanded.

Along with educational assistance, political development programs, and labor and cooperative work, training in entre-

preneurship should be a cardinal part of our aid effort.

THE IMPORTANCE OF CONTINUED AMERICAN LEADERSHIP

As the leader of the free world, the United States must continue to play the leading role in providing assistance to the less-developed countries. The need is greater than ever, but so are the opportunities for achieving significant progress toward development.

I believe that the time has come to recognize we are in this game to stay and to win. To call it quits, or to shirk our responsibilities would be to forfeit one of the most important chances a nation ever had to make a lasting contribution to mankind. All of our humanitarian instincts tell us that what we are doing is right, and must be continued. Our sense of history and our awareness of the interests of all freemen in the creation of a community of free nations tell us to press on.

America is the most powerful democratic nation in human history. What we do with our enormous power—how we use our vast resources—will determine the course of history and the future of the human race. Whether by destiny or not, the responsibility of world leadership has brought us to use our power for maintaining international peace and stability, and for helping less fortunate countries as they struggle to improve their lot.

Now, having successfully revived Europe, and prevented Communist aggression, we are at the dawn of development. There is a great day ahead for those who, with our help, can marshal their own resources and work toward improving their conditions of life.

Patience and determination will be required. Change is slow and often painful. Setbacks are to be expected. Mistakes have been made, and will be made. But progress is seldom made along a straight line, and we must be as patient with others and their development as we are with ourselves and our own development. If we should be concerned about the time it takes countries to reform their tax systems, for example, we would do well to remember that only 50 years ago, after a bitter struggle, was the progressive income tax finally established in the United States.

It is wrong to expect too much too soon. Funds are limited. Expectations must also be limited. We cannot be all things to all men. We can and must continue to help those who want to help themselves, and to achieve for themselves and their posterity the blessings of life, liberty, and the pursuit of happiness.

The foreign aid program then is an effective instrument of American policy. But it is more than that and I hope the day will never come when Americans are reluctant to admit it. In a sense it is a manifestation of one of the most generous and unique aspects of contemporary civilization—that well described by Arnold Toynbee when he said:

My own guess is that our age will be remembered chiefly neither for its horrifying crimes nor for its astonishing inventions, but for its having been the first age since

the dawn of civilization some 5,000 or 6,000 years back, in which people dared to think it practicable to make the benefits of civilization available for the whole human race.

That is a lofty goal. But it is one that ought to motivate us.

As I conclude these remarks, I once again encourage the AID administration to concentrate its resources and its attention upon the development of human resources, upon the development of agricultural programs in the less developed areas, and upon the improvement of the political structure in those areas so that the administration of the program may be more sound and more effective. It seems to me that unless we do this much, our military assistance and our economic assistance will be wasted and will be anything but helpful and effective.

It is in this spirit of encouraging the improvement of the administration that I support the extension of foreign aid assistance. It is my intention to support the bill before the Senate in the hope that it may contribute toward a more peaceful and progressive world.

Mr. MORSE. Mr. President, I was very glad to hear the speech of the Senator from Minnesota [Mr. HUMPHREY]. I thought that his speech in favor of the administration's point of view was entitled to a larger audience than the two Senators and the Presiding Officer who listened to the speech.

I do not expect to read in the newspapers from the kept press, whose representatives sit above the clock, any negative criticism of the Senator from Minnesota [Mr. HUMPHREY] that because he had such a small audience, he did not have any influence in the Senate. We all know that the Senator from Minnesota is a man of great influence. But this is not the first time that I have heard the Senator from Minnesota [Mr. HUMPHREY], the Senator from Arkansas [Mr. FULBRIGHT], the majority leader [Mr. MANSFIELD], and many other Senators speak at various times of the day with only two or three other Senators present in the Chamber. But the AP and the UP, one can be sure—as is typical of their journalistic tactics—will make sure that if any Senator speaks against the administration's point of view, it becomes known that only two or three Senators were present in the Chamber at the time. That is true of most of the newspaper representatives who sit above the clock.

Mr. President, the senior Senator from Oregon does not give one whit or care whether closed minds sit in the Senate Chamber and listen to him or not. I shall continue to speak to the American people, which is my trust at this desk. I shall speak to the American people about the unsoundness of the foreign aid bill, which was just defended by the Senator from Minnesota [Mr. HUMPHREY]. We heard not one word from the Senator from Minnesota about specific criticism of foreign aid. I join the Senator from Minnesota in supporting a continuance of foreign aid. We merely disagree as to how it should be continued.

Approximately \$105 billion is a great deal of money. We have not received re-

turns for the \$105 billion expended for foreign aid since 1946. The time has come to put some checks on the extravagance of this program. The senior Senator from Oregon has been trying to put some checks on this extravagant and unsound program. We have available to us—and I have quoted from them in my individual views—a stack of reports from the Comptroller General of the United States, setting forth criticism after criticism, and his findings in spot surveys of the administration of foreign aid since 1946.

The senior Senator from Oregon will continue to plead for some reform in the foreign aid program.

I shall plead for the adoption of an amendment—which I shall offer before the week is over—seeking to bring to an end the foreign aid program at the close of fiscal 1966, and start it over again.

I want to continue foreign aid, but a new type of foreign aid. I want to continue foreign aid on the basis of establishing terms and conditions that applying countries will agree to accept before they receive their money. What is wrong with that? Of course, that means that we shall stop the kind of foreign aid, under the program that I suggest, by means of which we ram it down the economic gullets of countries that in many instances have not asked for the specific aid that we have given. We have done much persuading since 1946 to induce countries to take foreign aid. I believe that is wrong. We ought to have a foreign aid program that seeks to do exactly what the Senator from Minnesota [Mr. HUMPHREY] approved of—namely, to be of assistance to people. Unless foreign aid is of assistance to people, and to the mass of people in the underdeveloped countries of the world, it will not stop communism. It will be an aid to communism.

Foreign aid that has aided the continuation of dictatorship governments in various parts of the world since 1946 has been expended on the part of American taxpayers, through their Government, to strengthen communism and totalitarianism around the world.

There is a basic principle of policy involved in foreign aid. The senior Senator from Oregon is seeking only to try to reform the policies, not to destroy foreign aid. But a continuation of the present foreign aid policies in many respects would continue to defeat the very purpose of foreign aid.

The Senator from Minnesota, as has always been done by a spokesman for the administration, talked about the malaria program, the health program, the farmers' cooperative, and so on. I am all for it. But those are only minor features of American foreign aid. The Senator from Minnesota has not addressed himself at all to the bulk of the aid program.

Take into account the billions of dollars of American taxpayers' money that we have sent down the ratholes around the world under the illusion that we were supporting and building up military defense against communism. We then get some idea of what waste there has been. We are getting a little taste of it in the Mediterranean today.

We made the military power strong in Turkey. Before the week is over, I shall give Senators an opportunity—I know what the vote will be—to vote to bring to an end the terrific building up of military war machines of both Greece and Turkey.

It started on the assumption that it would be of help to the United States, and would be directed against Russia.

As I said on Saturday, in Greece, Turkey, Pakistan, India, South Korea, Formosa, and other areas people continue to live under the canopy of American nuclear power.

That is where their security is to be found and not in the terrific military aid program that we have been handing out to them all these years. I wish to help the people of Turkey. I wish to help the people of Greece. I wish to help the people of India. I wish to help the people of Pakistan. I wish to help the people in all underdeveloped areas. But pouring that kind of aid by the hundreds of millions of dollars into their governments has not helped the people. In many instances it has weakened the cause of freedom.

Mr. President, I yield to no other Senator in my desire to make the Alliance for Progress program work. The Senator from Minnesota need yield to no other Senator for the great contributions which has made to the Alliance for Progress program. I do not find myself happy in a disagreement with the Senator from Minnesota over many aspects of the foreign aid program. I would rather be with him than against him. But so long as he is with the administration's foreign aid program with no more modifications of it than I have heard enunciated in his speech today or at any other time, I cannot be with him on certain features of the foreign aid program. I hope that eventually we shall be back together on foreign aid, but we must reform foreign aid to have a sound foreign aid program.

I wish to help develop loan programs. I wish to repeat a statement I have made. I am sure it has probably reached the point of boredom in the Senate, but it is not at the point of boredom in the country, because more and more people are only beginning to understand the facts about foreign aid and the need for reform of foreign aid. I say again that the major premise of foreign aid ought to be devoted to individual projects, economic in nature, if we are to help raise the standard of living of the mass of people, in that given area who will live within the economic environment of those projects. That ought to be our objective.

My first amendment, which is now pending, and on which the Senate will vote shortly, is an amendment in which I have asked to write into the foreign aid bill that principle of policy, a principle which in effect states that we shall lay major emphasis on economic development. When we have a country which is maintaining a military machine greater than its own economy should support or could support, we should take away from that country foreign aid until it is willing to adjust its military estab-

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ishment to a size which its economic ability can support; then I am for aiding the economic development of that country. In the amendment I am saying, as I shall say in other forums and in other amendments before the week is over, that we ought to cut down and cut back on military aid, because it has been puffed up into a balloon of gross overemphasis and misrepresentation as to its effectiveness.

Too much American military aid is more likely to be causative of war than peace around the world. As various little dictatorships or large dictatorships or military oligarchies in various countries come into power, they will not use it for peaceful purposes. We could not have a better example of that than Turkey. We have poured hundreds of millions of dollars of aid into Turkey since 1946. We have built up there a terrific military oligarchy. There is no freedom in Turkey. When the American people have listened to speeches for the administration, they would be led to think that we are supporting freedom by foreign aid. In many parts of the world our foreign aid program is supporting the continuation of dictatorships. There is no better example of it than South Vietnam, which is a complete military dictatorship by an American military puppet.

Mr. President, let us have a foreign aid program, but let us have a reformed foreign aid program. Let us have a foreign aid program that is primarily adjusted to meet the needs of people. That means that we should develop a foreign aid program that would deal with individual projects primarily. That does not mean the elimination of all grant money for great humanitarian purposes, such as malaria control, which the administration always trots out in support of a foreign aid program which includes billions of dollars for entirely different purposes.

Malaria control is but a small and insignificant part of the foreign aid program, but an important part, and one of the justifiable parts of the foreign aid program.

Let us continue with the humanitarian grant money programs in connection with our health programs and baby-care programs. Let us continue those grant programs about which there will be no dispute on clear and justifiable moral grounds. I am pleading for morality in the administration of our foreign aid program. But let us stop using our foreign aid program, or misusing it, as we are in many particulars, in building up military dynasties and dictatorships. Let us recognize that the American taxpayer at long last has the right to be protected so far as his interests are concerned in the foreign aid program.

Why does the administration continuously claim—and it was cited by the Senator from Minnesota today—that the foreign aid program has increasing support among American businessmen? At least it is so alleged. Let us grant it. I doubt it, but let us grant the correctness of the statement. It is not the small businessmen on the main streets of this country who support it. They are becoming increasingly skeptical about the foreign aid program.

Powerful American business interests are very much interested in the argument of bribery which has been involved in the foreign aid program for years, for the administration continues to point out that about 80 percent of foreign aid is really spent in the United States, and that therefore it is in our national economic interest to continue the foreign aid program.

Mr. President, is this a make-work program? Is this some kind of indirect dole system that we are advocating? If this administration wants some make-work programs, I will give them one, but I will give it a make-work program that will meet some of the crying needs of our domestic problems. It will be a program to do something to bring about the end of slums which have brought so many to discontent in this critical domestic hour in the history of our country. If the administration wants a make-work program, I will advocate one to do something about the impoverished condition of American education and the crying need for new classrooms. If it wants a make-work program, I call attention to the unattended needs of public works programs about which we can do something, rather than the kind of dole system involved in the foreign aid program.

I am speaking about the need for bringing about long-needed reforms in the foreign aid program. The first batch of amendments which I shall offer today and tomorrow will deal primarily with policy reforms in foreign aid. After they are disposed of, I shall move to the money amendments, in which I seek to reduce the amounts at various points in the program.

Before I take my seat, I want to comment once more, as I have over and over again, about the argument that some other countries are doing something by way of foreign aid on their own part. They have been long delayed. We have had to push them into it by diplomatic representation after diplomatic representation.

We have been representing to them, through American diplomats, that they will have more and more trouble in foreign aid with the Government of the United States and with the people of the United States unless a better showing of participation is made on the part of countries that we have aided, such as France, West Germany, Italy, Portugal, the low countries, and the Scandinavian countries.

They are participating somewhat in foreign aid. Very little grant money is provided, for the most part, with few exceptions. Their loan programs are a far cry from the U.S. loan programs. They are a far cry from the alleged loan programs we make, which consist of the bulk of our loan programs; namely, interest of three-quarters of 1 percent, with a period of 10 years to pay nothing, and a repayment period of 40 to 50 years, if they ever do pay back. In my judgment, most of them never will. A large percentage of the amount to be paid back is to be paid not in American dollars, but in soft currency.

Do not talk to me about a comparison of the foreign aid that Great Britain, France, Germany, and the other coun-

tries make. They have more sense than to treat their own taxpayers as we do, by and large. One of the most disturbing things about the foreign aid program is that sometimes we make a loan at an interest rate of three-quarters of 1 percent, with a 10-year grace period, in which nothing is to be paid, and 40 to 50 years to pay the loan back, to be paid in soft currency, only to find that after getting a loan the government has thereafter paid back a British or a Russian or a French loan, on which it had been paying interest of 5 or 6 percent.

My colleagues may not wish to hear me say it, but I do not think that is fair treatment of the American taxpayers.

There is talk about programs of aid by other countries. It is interesting to find to what extent this aid is going to former colonies. That is typical of the French and Great Britain foreign aid, as well as that of Belgium and the Netherlands. They still exercise economic dominance over the recipient countries. They still exercise economic control over countries which, to all intents and purposes, are closely tied economically to the former mother country. It is to their economic advantage to make the kind of economic loans that they are making to their former colonies. All of Portugal's aid goes to countries that she claims are really her "provinces."

It is quite different from the type of loan we make, because we have no colonies—thank God. We do not operate on that principle, and we must not come to operate on it, even indirectly.

The undeniable fact is that no country in the world has come anywhere near supporting a foreign aid program such as the United States has, and never will. The people of no country in the world would let their government leaders foist upon them a foreign aid program that is so wrong, in so many respects, in connection with matters of policy.

I seek a change. But, say the gentlemen of the press, and others, "Now, you really do not hope, do you, in this election year, to have very many of your amendments, if any, adopted?" I have said, "No; I do not"; but that does not justify my not making the effort to give Senators the opportunity to reform foreign aid.

It is just as important to reform foreign aid in an election year as it is in any nonelection year, because I see no connection between our responsibilities and an election. We have the duty of voting on the question on the basis of the merits, independent of politics and political considerations. There are many things we could do to reform foreign aid, rather than rubberstamping it, for it is not a "barebones" program. It is a program that calls for more in money than the administration received last year. The request of this administration is not for what it received last year, but for an amount in excess of it by \$500 million.

It has been represented for years that the administration is going to taper off in foreign aid and let the recipient countries do more for themselves; that we are going to urge greater foreign investments. A substantial portion of foreign aid now paid for out of the American taxpayers'

dollars ought to be paid for by way of investments by American investors in Latin America. But, of course, they could not get loans at three-fourths of 1 percent interest, with 10 years in which to pay nothing, and 40 to 50 years to pay back with soft currencies.

So long as we follow that policy, we shall continue to do great damage to the development of economic freedom in large areas of the world.

I believe that economic freedom, as represented by the private enterprise system, as represented by our private economy, determines whether political freedom will remain for us, and whether political freedom will be implanted in any of the underdeveloped areas of the world.

No one seems to wish to meet me on that truism. It is unanswerable. Unless we build up the economic system in Turkey, Greece, South Vietnam, Peru, or anywhere else in the world, and bottom it upon a foundation of economic freedom, as represented by a private enterprise system, there is no hope of those people becoming politically free.

The senior Senator from Oregon is not a radical on this issue. The advocates of perpetuating the present foreign aid system are the radicals. They are the ones who are keeping us from strengthening and developing economic freedom in the foreign aid recipient countries.

I wish to bring American business into the scene as partners and cooperators abroad, not as subsidized businesses here in the United States, reaping profits from foreign aid and expenditures in the United States.

As chairman of the Subcommittee on Latin American Affairs, in respect to the Alliance for Progress programs, I have pleaded, and will continue to plead, for the development of industries in the countries where they are needed in all of Latin America.

If we establish a pattern of economic freedom through private enterprise throughout Latin America, we shall not only make the Alliance for Progress work, but in the long term we shall sell in Latin America several times the amount of goods now exported to Latin America, because we shall, by this establishment of economic freedom, build up purchasing power on the part of the masses of Latin America. That is the hope for political freedom in Latin America.

We cannot do it by giving support to a foreign aid program which amounts, in fact, to general purpose loans and grants. That whole program should be directed to specific projects on which we are willing to come in and help, and in respect to which a good many American private enterprisers would be willing to help.

That is why, in the Foreign Relations Committee, Senators have found me a strong supporter of various proposals for reasonable and equitable loan guarantees or investment guarantees on the part of American companies in underdeveloped areas of the world.

One of the hottest spots is in Haiti. People are astounded to find that the senior Senator from Oregon is advocating and perfectly willing to support a program in which several American com-

panies have interested themselves for development of some economic projects in Haiti. All they need is a little encouragement from the Government and a fair and equitable loan and development guarantee program.

Why not? I would be in favor of taking the risk. It would be much better than to try to accomplish anything on a government-to-government basis.

I close by saying that I am glad we have had the presentation of the administration's position by the Senator from Minnesota [Mr. HUMPHREY], even though only two Senators were present most of the time. He ought to have had a much larger attendance.

I reject the presentation as to most of the points, as I have been rejecting that presentation in the Foreign Relations Committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE].

Mr. FULBRIGHT. Mr. President, I overlooked making this request. I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill be considered as original text for purpose of amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the negative). On this vote, I have a live pair with the senior Senator from Indiana [Mr. HARTKE]. If he were present, he would vote "nay"; if I were at liberty to vote, I would vote "yea." I withdraw my vote.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from New Hampshire [Mr. MCINTYRE], the Senator from Utah [Mr. MOSS], and the Senator from Ohio [Mr. YOUNG], are absent on official business.

I also announce that the Senator from New Mexico [Mr. ANDERSON], and the Senator from Massachusetts [Mr. KENNEDY], are absent because of illness.

I further announce that the Senator from Nevada [Mr. CANNON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from New Jersey [Mr. WILLIAMS], and the Senator from Indiana [Mr. HARTKE], are necessarily absent.

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from New Jersey [Mr. WILLIAMS].

If present and voting, the Senator from New Jersey would vote "nay" and the Senator from Louisiana would vote "yea."

I further announce that, if present and voting, the Senator from New Mex-

ico [Mr. ANDERSON], the Senator from Ohio [Mr. YOUNG], the Senator from North Dakota [Mr. BURDICK], the Senator from Washington [Mr. JACKSON], and the Senator from New Hampshire [Mr. MCINTYRE] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. PEARSON], the Senator from Texas [Mr. TOWER], and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

The Senator from New York [Mr. JAVITS] is absent on official business.

The Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], and the Senator from New Hampshire [Mr. CORTON] are detained on official business.

If present and voting, the Senator from Kansas [Mr. PEARSON], the Senator from New Hampshire [Mr. CORTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from New York [Mr. JAVITS], and the Senator from Texas [Mr. TOWER] would each vote "nay."

On this vote, the Senator from Kentucky [Mr. COOPER] is paired with the Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from Kentucky would vote "yea" and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 17, nays 59, as follows:

[No. 525 Leg.]

YEAS—17

Bayh	Gruening	Pell
Bible	Johnston	Proxmire
Byrd, Va.	McGovern	Randolph
Church	Metcalf	Robertson
Douglas	Morse	Russell
Ellender	Nelson	

NAYS—59

Alken	Hill	Muskie
Allott	Holland	Neuberger
Bartlett	Hruska	Pastore
Beall	Humphrey	Prouty
Bennett	Inouye	Ribicoff
Boggs	Jordan, N.C.	Salling
Brewster	Jordan, Idaho	Saltonstall
Eyrd, W. Va.	Keating	Simpson
Carlson	Kuchel	Smathers
Case	Lausche	Smith
Curtis	Long, Mo.	Sparkman
Dirksen	McCarthy	Stennis
Dodd	McClellan	Symington
Dominick	McGee	Talmadge
Eastland	McNamara	Thurmond
Ervin	Mechem	Walters
Fong	Miller	Williams, Del.
Fulbright	Monroney	Yarborough
Hayden	Morton	Young, N. Dak.
Hickenlooper	Mundt	

NOT VOTING—24

Anderson	Gore	Mansfield
Burdick	Hart	McIntyre
Cannon	Hartke	Moss
Clark	Jackson	Pearson
Cooper	Javits	Scott
Cotton	Kennedy	Tower
Edmondson	Long, La.	Williams, N.J.
Goldwater	Magnuson	Young, Ohio

So Mr. MORSE's amendment (No. 1180) was rejected.

Mr. MORSE. Mr. President, I call up my amendment No. 1179 and ask that it be stated.

The PRESIDING OFFICER (Mr. INOUE in the chair). The amendment of the Senator from Oregon will be stated.

The CHIEF CLERK. The Senator from Oregon proposes that:

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"TITLE I—DEVELOPMENT LOAN FUND

"SEC. 101. Title I of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, is hereby amended by striking out section 205 thereof, which relates to the use of the facilities of the International Development Association."

Renumber the succeeding sections of part I, accordingly.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

Mr. FULBRIGHT. Mr. President, will the Senator from Oregon yield before he does that?

Mr. MORSE. I am glad to yield.

Mr. FULBRIGHT. The Appropriation Act carries a similar prohibition against the lending of any money from the Development Loan Fund to the IDA; therefore, the adoption of the Senator's amendment would not change what is now the restriction in the appropriation act.

It would remove the possibility in the future of authority to do this but, in the interest of saving time, I am quite prepared to accept the amendment. I am quite sure that there will be no problem.

EXPLANATION OF AMENDMENT REPEALING SECTION 205

Mr. MORSE. Mr. President, this amendment is a simple one which needs little explanation. It would repeal section 205 of the Foreign Assistance Act of 1961, as amended, which authorizes the President to lend up to 10 percent of the Development Loan Fund money available under title I to the International Development Association, commonly known as the IDA. We understand that no use has as yet been made of this authority, and there doubtless will be those who will say that this is an inoffensive provision which might well be left untouched. My position, on the other hand, is that this authority is a potentially dangerous one—no more to be ignored than the so-called "lonesome end" on a football field. I warn my colleagues that this section is a real "sleeper" which could come to life with startling rapidity.

Just on the face of it, this authority to transfer money to the IDA seems wholly unnecessary. At the very beginning of this Congress a new replenishment of IDA funds was approved by the narrowest of margins. My colleagues surely will remember that only about half a dozen votes spelled the difference between approval and defeat in the Senate. Even more significantly they should remember with some chagrin that the proposal to make an additional \$312 million available to the IDA was first rejected by the House of Representatives and then passed by a very slim margin after one of the most vigorous exercises in arm twisting and blandishment ever performed by the executive branch of our Government. And so the IDA is amply furnished with American taxpayers' money for the next 3 years of its existence.

But this is not all. The World Bank, which has accumulated reserves amounting to almost a \$900 million figure by making loans on a sound business basis, has recently decided to make some of its future surplus available to its affiliate,

the IDA. It is understood that something on the order of \$50 million a year may well be transferred to the so-called lending association to support activities which may best be described as barely disguised grants. In this connection, it might be noted that, while the IDA theoretically assists all the less developed countries, the great majority of the funds made available to the Association have gone to India and Pakistan.

By normal standards, it would thus seem that the available funds are spilling out of this overstuffed cornucopia. However, we must never underestimate the peculiar appeal of the "South Asia Aid Society," especially to those supposedly sophisticated geopoliticians who have woven an elaborate theoretical argument designed to prove that the battle against communism will be won or lost south of the Himalayas. It seems to make little or no difference to these theoreticians that the actual behavior of Pakistan and India over the last several years does nothing but refute the validity of this elaborate doctrine. I for one see no end to the process of pouring hard money into this extremely soft area.

Now we will have the argument that, since so much money is readily available to the IDA over the next several years, section 205 of the Foreign Assistance Act surely will not be used and can therefore do no damage if left in the legislation. I would accept half this argument—for it is quite true that more than adequate funds are available to the IDA. The second part of the argument I reject as nothing more than a Trojan horse. In my opinion, there is a very real danger that this supposedly moribund authority could spring to life in the context of our efforts to place our own development lending on a sounder basis. To the degree that we succeed in tightening the lending terms to govern operations under title I of the act, we are likely to find the AID people seeking to circumvent the harder terms by making some of the loan money available to the IDA, which operates on the softest basis of all international lending agencies.

Of course, it will be stated with great emphasis and sincerity on the part of the executive branch that they would not dream of seeking to try an end run around the will of Congress. But the only valid argument that can be made in support of this assurance is that section 205 is basically meaningless and will not be invoked. If this is so, then it can do no harm whatsoever to our aid program if the authority in question is repealed. Frankly, all our experience with the aid program supports my contention that there is great danger in exposing the executive branch to temptation and to expect it not to succumb.

Mr. President, I believe that we will be doing our constituents and the national interest a great favor by removing this temptation through deletion of section 205 from the Foreign Assistance Act.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MORSE. Mr. President, I call up my next amendment, No. 1182, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Oregon will be stated.

The CHIEF CLERK. On page 9, between lines 8 and 9, it is proposed to insert the following new subsection:

(g) Add the following new section at the end thereof:

"SEC. 513. CERTIFICATION OF RECIPIENT'S CAPABILITY.—(a) Except as provided in subsection (b) of this section, no defense articles shall hereafter be furnished to any country or international organization under the authority of this Act (except under the authority of section 507) unless the chief of the appropriate military assistance advisory group representing the United States with respect to defense articles used by such country or international organization or the head of any other group representing the United States with respect to defense articles used by such country or international organization has certified in writing within six months prior to delivery that the country or international organization has the capability to utilize effectively such articles in carrying out the purposes of this part.

"(b) Defense articles included in approved military assistance programs may be furnished to any country or international organization for which the certification required by subsection (a) of this section cannot be made when determined necessary and specifically approved in advance by the Secretary of State (or, upon appropriate delegation of authority by an Under Secretary or Assistant Secretary of State) and the Secretary of Defense (or, upon appropriate delegation of authority by the Deputy Secretary or an Assistant Secretary of Defense). The Secretary of State, or his delegate, shall make a complete report to the Speaker of the House of Representatives and to the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each such determination and approval and the reasons therefor."

Mr. MORSE. Mr. President, I ask for the yeas and nays.

Mr. FULBRIGHT. Mr. President, will the Senator from Oregon yield before he does that?

Mr. MORSE. I am glad to yield.

Mr. FULBRIGHT. I believe that this is a good amendment. In the administration of the military assistance program, it requires certification of the capability of a country to utilize effectively the assistance to be furnished. I believe that it is a good amendment. Personally, I am in favor of it. The administration objected to it mainly because it was felt to be in derogation of the dignity and rights of the Secretary of Defense. But this is one area in which there has been substantial maladministration under the military program, and I am willing to accept the amendment, of which I approve.

Mr. MORSE. I appreciate that very much, but I should like to explain the amendment.

EXPLANATION OF AMENDMENT REQUIRING CERTIFICATION BY MAAG CHIEF

Mr. President, the source of this amendment is the General Accounting Office. I have already read excerpts from the GAO report on "Unnecessary

or Premature Procurement of Sidewinder Missile Training Systems and Their Delivery to Foreign Countries Under the Military Assistance Program."

It concluded:

We have recommended to the Secretary of Defense that these regulations be strengthened by requiring that future deliveries of major end items included in approved military assistance programs be made only upon a written certification by the chief of the Military Assistance Advisory Group based on a specific determination that the recipient country has the necessary capability to effectively absorb, maintain, and utilize the item to be delivered.

We believe that such a certification requirement would encourage a current reappraisal of the need for the equipment and the country's capability to maintain and utilize it before it is delivered and would help to prevent future deliveries of military assistance program material in excess of the country's capability to effectively absorb, maintain, and utilize the items delivered. Military assistance program material has continued to be delivered for a number of years to countries which cannot effectively absorb, maintain, or utilize the equipment and has been the subject of numerous reports to the Congress and the Secretary of Defense, even though during that time the Military Assistance Advisory Groups have been charged with the responsibility of preventing this from occurring. We therefore believe that affirmative action by the Military Assistance Advisory Group chief before delivery should be required. In view of the position of the Department of Defense with respect to this matter, the Congress may wish to consider the enactment of legislation requiring additional safeguards before delivery of military assistance program material. We shall be pleased to assist in drafting such legislation if desired.

The General Accounting Office not only volunteered its help in preparing this legislative requirement, but last fall it sent a further memorandum on the subject to the Senate Foreign Relations Committee. This memorandum is the only speech I shall need to support the case. It reads as follows:

INEFFECTIVE MAINTENANCE AND UTILIZATION OF EQUIPMENT FURNISHED TO FOREIGN COUNTRIES UNDER THE MILITARY ASSISTANCE PROGRAM

Our reviews have disclosed numerous instances where material amounts of military equipment have been provided to foreign countries which is not being effectively maintained and utilized. We have identified the major contributing factors to this deficiency to be (1) programing and delivery of equipment by the United States primarily for political considerations, to recipient countries which did not have the capabilities to effectively maintain and utilize it, and (2) delivery of equipment without adequate consideration of the recipient countries' capabilities to effectively maintain and utilize it. Following are a few examples of these deficiencies which have been included in our reports.

PROGRAMING AND DELIVERY OF EQUIPMENT PRIMARILY FOR POLITICAL CONSIDERATIONS

1. A recent review in a European country disclosed that aircraft, aircraft missiles and related equipment valued at over \$8 million had been programed and substantially delivered although the necessary capability to maintain and utilize the equipment did not exist. At the time of our review, two-thirds of the F-86F aircraft delivered were inoperable due to the absence of proper maintenance and trained pilots were available for only half of the aircraft delivered. In this case the Department of Defense told us that

political considerations involving base rights became the overriding consideration leading to the programing and delivery actions.

2. In one Far East country, our reviews disclosed that the annual military assistance programs did not appear always to have motivated by military considerations and had been developed without adequate knowledge of the forces being supported, the needs of these forces, or the military supplies already delivered. Substantial amounts of equipment were delivered to this country which could not be utilized by the country forces. The Department of Defense informed us that, so long as the country remained basically non-Communist, military aid should be continued in spite of the numerous difficulties involved and that, while the underlying basis for all aid to this country was admittedly political, the maintenance of internal security, which was the primary mission of the army, is fundamentally a military task and the justification of the military assistance program in this instance was made on that basis.

3. Equipment valued in excess of \$400 million has been delivered to a European country although there are no agreed roles or missions for the country forces. Our reviews of the military assistance program in this country have continually disclosed ineffective maintenance and utilization of substantial quantities of military items. Following are a few of the examples disclosed in our reports.

(a) Aircraft values at \$9 million were delivered, although the country was unable to effectively utilize the aircraft previously delivered.

(b) Tactical air navigation (TACAN) equipment valued at about \$2 million was delivered, although the country could not use the equipment, because, first, the necessary ground-based equipment for its operation was not available; second, the country lacked funds for installing the equipment; and third, airborne installation kits essential to the use of TACAN were not available from U.S. Air Force stock.

(c) Equipment for a low-frequency transmitter system, valued at about \$180,000, was delivered, although the country air force had not decided how or where it would use the system.

(d) Equipment valued at about \$1.2 million had been programed or recommended for programing for army schools although similar equipment had been programed for units of the military forces.

The programing and delivery of equipment to this country under the military assistance program was directly related to base rights commitments, and military items were delivered at the request of the country, although the capability of the country to effectively maintain and utilize the equipment did not exist.

DELIVERY OF EQUIPMENT IN EXCESS OF COUNTRIES' CAPABILITIES TO EFFECTIVELY MAINTAIN AND UTILIZE IT

1. Missile system equipment valued at approximately \$25 million was delivered to European countries and was not in use or was in use but had a limited readiness. The equipment had been on hand as much as 13 months more than the period of time normally required for emplacement and check-out after delivery. Our review disclosed that the ineffective utilization of the equipment resulted because at the time the United States delivered this equipment (a) permanent launching sites were not available, (b) related equipment at NATO installations required to attain the full operational capabilities of the equipment delivered by the United States was lacking, and (c) a sufficient number of support personnel had not been provided by the recipient country.

2. Our reviews of the maintenance and supply support of Army equipment fur-

nished to Far East countries disclosed that in one country almost one-fifth of the tanks delivered under MAP were unserviceable or deadlined, one-third of the 1,100 vehicles in two divisions were considered to be unserviceable and in no condition for a planned field maneuver, and that 38 percent of the radio communication equipment in one country had an effective range of only one-third to two-thirds of that for which it was designed.

3. In one Near East country, we found that at the time of our review more than 2,000 of about 6,900 combat and combat-support vehicles were inoperable, about 50 percent of the jet aircraft in one of the two Air Force fighter wings were out of commission for lack of parts and had been grounded over an 8-month period, and shortages of gasoline had precluded full utilization of equipment.

4. In one country our review disclosed that Air Force radio sets valued at about \$3.3 million had been programed and that a large portion of this equipment which had been delivered was not being used because the necessary installation and ancillary equipment had not been delivered. In this same country, we found that \$2.2 million worth of ammunition had been on hand for over 18 months although the related weapon had been deleted from the program and never delivered.

5. In four Western European countries we found that about \$4.4 million worth of missile system mobility equipment had been delivered which could not be used because related equipment required to achieve a mobile capability for the missile systems had not been furnished. In these same countries we identified about \$900,000 worth of airborne electronic equipment, on hand which could not be installed because related modification kits and other equipment was not available.

6. Our review of delivery and utilization of tactical air navigation—TACAN—equipment disclosed that \$12 million worth of this equipment had been delivered to foreign countries although the equipment could not be used by the recipient countries because the related installation kits were not provided.

7. Millions of dollars worth of equipment and spare parts had been unnecessarily delivered to foreign countries under the military assistance program. The major causes of this inefficient and uneconomical use of funds available for the military assistance program are the failure of the Department of Defense to (a) establish the validity of requirements, and (b) take timely action to cancel or suspend delivery of equipment or spare parts which become excess due to changes in requirements. Following are a few of the numerous examples contained in our reports which have been issued to the Congress.

Excess equipment and supplies, valued at over \$5.5 million, delivered because outstanding orders which were either excess to revised requirements or likely to be excess due to anticipated changes in requirements were not canceled or suspended.

About \$60 million worth of Air Force support equipment programed or delivered although a firm and reliable basis for determining the country needs for such equipment had not been established.

United States committed as much as \$9 million in excess of amounts necessary to furnish spare parts and modification kits for advanced weapons for the mutually agreed-upon period of time.

Mr. President, I am ready for the vote. The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

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Mr. MORSE. Mr. President, I call up my amendment No. 1181 and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Oregon will be stated.

The CHIEF CLERK. It is proposed by Mr. MORSE on page 1, between lines 6 and 7, to insert the following:

TITLE I—DEVELOPMENT LOAN FUND

SEC. 101. Section 201 of the Foreign Assistance Act of 1961, as amended, which relates to the Development Loan Fund, is amended by adding at the end thereof the following new subsection:

"(g) Not to exceed 25 per centum of the funds available for any fiscal year for making loans under this title may be used during any such fiscal year for loans for any purpose other than for specific developmental projects."

Remember the succeeding sections under part I, accordingly.

On page 4, lines 5, 6, and 7, strike out "Section 252 of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended" and insert in lieu thereof the following: "Title VI of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to the Alliance for Progress, is amended as follows:

"(a) Amend section 251, which relates to general authority, by adding at the end thereof the following new subsection:

"(h) Not to exceed 10 per centum of the funds available for any fiscal year for making loans under this title may be used during any such fiscal year for loans for any purpose other than for specific developmental projects."

"(b) Amend section 252, which relates to authorization,".

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

EXPLANATION OF AMENDMENT RESTRICTING NON-PROJECT LOANS

Mr. MORSE. Mr. President, last year I offered an amendment that sought to curb the use of Alliance for Progress funds for balance-of-payment loans and budget support in Latin America. That amendment failed to pass, but it did receive 31 votes. Since this was the first time that a vote was taken in the Senate on the practice of making general-purpose loans as opposed to specific project loans, I would have thought that so large a number as 31 Senators voting for the restriction would have been a warning signal to the Agency for International Development.

But it seems to have made no impression whatsoever.

This year, the House Foreign Affairs Committee, in both the majority and minority reports on the foreign aid bill, again warned AID against the use of loan funds for unspecified purposes.

The majority report states:

In general, the committee recognizes that whenever the administrators of the aid program are convinced that the financing of commodity imports is essential, it is better to finance such imports with loans rather than grants.

Nevertheless, the committee believes that countries which progress to the point where they qualify for large development loans should be encouraged to assume increasing responsibility for financing their imports,

except imports related to projects for which loans are made.

There is a danger that dependence on the United States for such financing could result in levels of consumption higher than the recipient could normally sustain and could encourage unsound financial and monetary practices.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. AIKEN. Is this amendment what is popularly known as the antijuggling amendment?

Mr. MORSE. Some call it antijuggling. I call it anticorruption.

Mr. AIKEN. Antimonkey business, perhaps?

Mr. MORSE. That would be a good description. It is a little softer than mine.

Mr. AIKEN. It seems to be a reasonable amendment, unless someone can explain why it would not be so.

Mr. MORSE. Mr. President, That is the language of the majority of the House Foreign Affairs Committee. The minority had much more to say on the matter. It listed "program" loans as having been made to Tanganyika in the amount of \$1 million, Tunisia \$10 million, India \$275 million, Pakistan \$100 million, Turkey \$70 million, Chile \$40 million, and Colombia \$15 million up to the date of the report. That is a total of \$511 million. Since the report was published, at least one more large "program" loan has been made to Brazil in the amount of \$50 million.

The minority views continue:

These loans do not require the same degree of study for feasibility—technical, financial, or economic—that are required for a project loan to get the necessary approval under section 611 of the act. This section requires cost estimates, engineering surveys, and financial and other plans before loan funds can be obligated.

Further, the United States does not receive credit or become identified with assistance under program loans because they are made to the government which, in turn, allocates the dollar exchange to importers for commodity import requirements.

In summary, every effort should be made to curtail program loans because (a) they require less detailed justification than project loans and, therefore, can be used to absorb loan funds when carefully worked out projects are not forthcoming; (b) there is no visible way to identify the United States with assistance provided through program loans; (c) a country receiving a program loan can divert similar amounts of its foreign exchange to luxury-type import items or for lower priority needs; and (d) although imports with these loans are required to be from the United States, the level of American imports do not increase comparatively, which indicates that some of the countries merely divert imports with equal amounts of foreign exchange of other sources.

At the time of this report, \$456 million had been lent out of the Development Loan Fund for program loans, and \$55 million out of Alliance for Progress loan funds, plus \$50 million out of the contingency fund, which went to Brazil.

Two-thirds of all money appropriated last year for development loans had been lent for unspecified, general commodity

financing. About 15 percent of Alliance for Progress loan funds went for the same purpose. But in the case of Latin America, budget support and balance of payment help comes more from non-Alliance funds, primarily the contingency fund and supporting assistance.

As I stated, in the past several years, all supporting assistance is, after all is said and done, really indirect military aid.

As the House committee minority makes so clear, this assistance in no way is identified with the United States; this assistance cannot be related to any project or program by the people of the receiving country. How much good have we done the United States among the people of Brazil with our \$50 million loan to its Government? None. The money will never show up in the way of life of the ordinary Brazilian.

What we did with that \$50 million was to buy a little political favor from its current political leaders. That is what these program loans are for. It baits them out a while longer. It postpones the day when critical and sometimes painful decisions have to be taken on their home front. It delays the time when they must go before their own voters and lay down the facts of life. No politician likes to do that. So they come to the U.S. Treasury instead. That way we hope to create a little obligation on their part to favor the United States in international matters.

That is why in my individual views I said that program loans do no more than patch over and perpetuate the lack of economic development.

Brazil and Turkey have already defaulted, in effect, on loans by obtaining moratoriums even as we extend them new soft loans. There is every prospect that debt renegotiation with Argentina will begin soon, if it has not already begun.

Yet we go on and on making new easy credit available to them.

The prevalence of this kind of loan makes a mockery of the advertisements AID and the State Department make about foreign aid helping farmers to grow better crops and laborers to build better homes.

At the time the recent Brazilian loan was announced, it was also announced that the \$50 million was in addition to; "understandings now being reached for the financing of various specific projects designed to promote the economic development and social progress of the Brazilian people."

This \$50 million loan is at 2 percent interest for 40 years. We have been encouraging Brazil for years and years. We have been urging upon Brazil to do something about its inflation. We have been urging Brazil to come forward with a plan, which she is obliged to do under the action at Punta del Este, as to what she will do with respect to internal reforms and internal programs. Alliance for Progress funds are supposed to contribute to the fulfillment of the country plan.

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Mr. President, Brazil still has not submitted a satisfactory plan. She has made gestures, but she has submitted no all-encompassing plan. We ought to stop this type of loan. We ought to say, "Come forward now with an economic project that is sound, one that will be of help to your people, and we shall help you with that and release your own money for use in connection with your own fiscal problems at a governmental level."

So I say that this loan was made not as a result of the steps Brazil had taken to curb inflation and to live within her means, but to encourage Brazil to take those steps. A month later, on July 26, the New York Times reported that the Brazilian Central Government's statistics showed the cost of living rose more than 40 percent in the first 6 months of this year, and that the Branco regime had an operating deficit in its national budget of nearly \$600 million. I ask unanimous consent to have these two articles from the New York Times dated June 25, 1964, and July 26, 1964, printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, June 25, 1964]

U.S. GRANTS \$50 MILLION LOAN

WASHINGTON, June 24.—The United States granted Brazil a \$50 million loan today to support the reform programs of the new government.

This was the first major loan given to the regime of President Castelo Branco. It demonstrates the faith of President Johnson's administration in Brazil's determination and capacity to combat inflation, rebuild her shattered finances, and institute rational economic policies.

In announcing the loan, concluded under the Alliance for Progress program, the administration noted that "the Brazilian Government is formulating a comprehensive program of development, stabilization, and reform which can serve as a basis for later discussions with international institutions and the Government of the United States and other friendly countries of Brazilian needs for external assistance."

The announcement emphasized that the loan, for a 40-year period at the unusually low interest of 2 percent, is in addition to "understandings now being reached for the financing of various specific projects designed to promote the economic development and social progress of the Brazilian people."

The loan marked the resumption of general U.S. lending to Brazil after a pause of almost a year. Around the middle of 1963 the United States became convinced that the regime of President Goulart could not properly utilize financial assistance because of its refusal to take adequate anti-inflationary and other stabilization measures.

Today's loan was announced as Carlos Lacerda, Governor of Guanabara State and one of the principal leaders of the April revolution, appealed for U.S. understanding of the revolutionary situation in his country.

Speaking at the National Press Club here, he said the new government had been trying to find competent, honest people to administer its affairs after the chaos of the Goulart regime.

[From the New York Times, July 26, 1964]

REGIME IN BRAZIL SCORED ON PRICES—LACERDA SAYS CONFIDENCE IS UNDERMINED BY INFLATION

(By Juan de Onis)

RIO DE JANEIRO, July 25.—President Humberto Castelo Branco embarked today on his

newly extended term of office under heavy political fire because of rising prices.

The main criticism of the Government came from Gov. Carlos Lacerda of Guanabara State, one of the leaders of the April 1 revolution that overthrew President João Goulart and brought Gen. Castelo Branco, then the army chief of staff, to the Presidency.

Mr. Lacerda said a survey of prices in his state showed that they had shot upward since the revolt. "As a consequence, confidence in the revolution has been profoundly eroded in 3 months," he said.

Rising unemployment in Belo Horizonte, capital of Minas Gerais State, and in São Paulo was also reported. The iron and steel industry was showing signs of a recession, with cutbacks in production. Automobile output also was down and household appliance manufacturers reported large unsold stocks.

The Central Government's statistics show that the cost of living rose more than 40 percent in the first 6 months of this year on the momentum of an inflation that raised prices more than 80 percent last year.

Halting inflation is the principal preoccupation of the Castelo Branco regime and efforts are being made to reduce the Government's operating deficit, regarded as the main cause of the inflation. This year's deficit is estimated at nearly \$600 million.

Partly to give the Government more time to cope with the problem, the congress this week added 14 months to Mr. Castelo Branco's original period in office. Originally it was to have completed Mr. Goulart's term ending January 31, 1966.

Mr. Castelo Branco will now remain in power until March 15, 1967, and the election originally scheduled for October 1965 will be postponed to December 1966. This decision was taken by the congress over Mr. Castelo Branco's opposition, but with the support of Brazil's military leaders.

Mr. Lacerda, noted for his opposition to Mr. Goulart's leftist government, was bitterly disappointed by Congress' decision. He had hoped to run for President in the election scheduled for next year, and he lashed out at the Congress.

It is widely accepted that Mr. Lacerda is trying to bring down the present cabinet and install a government aligned with his views. Prices constitute the most vulnerable area for this cabinet, whose economic and financial policies are largely determined by the Planning Minister, Roberto Campos.

Steel executives advised the Labor Ministry this week that they would not fulfill a contract signed with 50,000 workers in Minas Gerais and São Paulo during the Goulart regime. This provided for quarterly adjustments that would now require the industries to pay a minimum wage of 70,000 cruzeiros (\$55) a month. The regional minimum wage is 40,000 cruzeiros (\$32).

The executives said the contract could be met only through increases in iron and steel prices.

Roman Catholic priests active in union organization in Pernambuco, the sugar region of Brazil's northeast, warned sugar-mill operators that there would be a strike unless a minimum wage set by the former government was respected.

On another front, representatives of Brazilian university students elected new officers today for the National Union of Students, which the Education Minister had threatened to dissolve.

The delegates also resolved to reconstruct the union, which had been controlled by militant leftists. This indicated limited support of the uprising that ousted Mr. Goulart.

The students met in defiance of the Education Minister, Suplicy de Lacerda, who had proposed that the autonomous student organization be replaced by a student council under control of the ministry.

Virtually all the delegates, who came from 12 States, were opposed to the former leadership of the national union, which they contend was antidemocratic and alienated from the mass of students.

Mr. MORSE. Mr. President, at the present time we are using two-thirds of the development loan money for intergovernmental loans to finance commodity imports of a general nature. I wish to repeat that sentence, because I want to show Senators that in my judgment this is one of the most serious problems in the whole AID program calling for policy reform. I ask Senators to listen to the sentence again:

At the present time we are using two-thirds of the development loan money for intergovernmental loans to finance commodity imports of a general nature.

They do not provide people-to-people aid.

They do not coincide with what Senators have heard me plead for for several years—a project-to-project approach to foreign aid instead of a government-to-government approach.

I wish to see the American taxpayers' dollars invested in dams, refineries, plants, and other economic projects that will help to create jobs in parts of the world that are characterized by unemployment, or employment at wages that cannot maintain a family in health and decency. I wish to do something for people.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. The Senator from Oregon has made a startling statement. As I understand, he said that last year approximately \$560 million was loaned by us to foreign governments for unspecified purposes.

Mr. MORSE. That is correct.

Mr. DOUGLAS. About \$50 million of that was to meet the deficit of the Brazilian Government. Can the Senator from Oregon throw any light on the question of the purposes for which the other \$510 million was loaned?

Mr. MORSE. No.

Mr. DOUGLAS. The Senator from Oregon is a member of the Committee on Foreign Relations, is he not?

Mr. MORSE. Yes.

Mr. DOUGLAS. Did the administrator of AID, or any of his assistants, itemize how the \$510 million was distributed and for what purposes?

Mr. MORSE. There may be some itemization in the three thick books that were presented to us for study. But I gave the Senator an honest answer. I do not know what the itemization might be. If it is available, perhaps the chairman of the committee might respond.

Mr. DOUGLAS. I wonder if the chairman of the Committee on Foreign Relations could answer the question. For what purposes were the \$510 million loaned to the governments of foreign countries? Is my impression correct that this is primarily related to Latin America?

Mr. MORSE. No; most of it was lent elsewhere. India received \$275 million, Pakistan \$100 million, and Turkey \$70 million in fiscal year 1964. Tunisia and Tanganyika also received smaller pro-

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gram loans. In Latin America, Chile received \$40 million, Colombia \$15 million, and Brazil \$50 million this last fiscal year. The presentation for fiscal year 1965 tells very little about the purposes of these loans that will be made in fiscal 1965.

Mr. FULBRIGHT. The major purpose of the Alliance for Progress program was to support overall plans for the economic development of the countries of Latin America. It was intended that those countries should bring about certain reforms within their economies. It was called a self-help program. We make the program loans available only when there is a commitment by the respective countries to engage in certain kinds of reforms within their countries.

As the Senator has heard, in some cases those reforms are in the nature of tax reforms, in some cases they are in the nature of land reforms, and so on. Program loans were the major tool that we had for encouraging the respective countries to bring about reforms. The agency does not make the program loans without any conditions as to how the money shall be used. When a loan is negotiated, the purpose for which it is to be used is well understood.

Mr. DOUGLAS. Has that purpose been stated to the Committee on Foreign Relations?

Mr. FULBRIGHT. Certainly.

Mr. DOUGLAS. What are the purposes?

Mr. FULBRIGHT. I do not have in mind the particular purpose of all loans, if that is what the Senator means. But that is obtainable in full. We have at hand the general statements about the nature of the loans. Some are often informally called balance-of-payments loans. In a sense that is what they are. They provide the basis for the development of private industry in most of the countries involved. They are intended to finance the purchase of spare parts, machinery, equipment, and so on, from this country through private enterprise.

The project loans which were mentioned by the Senator from Oregon are usually provided for a dam, a railroad, a dock, or something of that kind, and they usually are of a governmental nature. Year after year the committee and the Congress have urged private enterprise to come into the picture. That is accomplished primarily through program loans, which make available to private enterprises in each of the countries the resources to enable them to purchase needed commodities. There is agreement as to which areas of the economy the loans are to be used for, but they are not intended to be used for the building of a dam or any specific tangible project.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon permit me to comment on that statement?

Mr. MORSE. Certainly.

Mr. DOUGLAS. I have always thought that the Alliance for Progress included primarily, amongst the reforms, the development of education, the building of schools, the building of houses, the carrying on of health work, and the purchase of large estates for distribution into small holdings. It seems to me that

projects of that nature could be made very specific, and that it would not be necessary to make a general loan for such purposes. The loan could specify the purposes for which it was to be made. The Government could act as the intermediary, but we would know for what purpose the money was being spent. But the facts seem to be that of the loan funds devoted to Latin America in fiscal year 1964—a total of approximately \$425 million, of which \$50 million came from contingency funds—\$105 million, or about one-quarter, was assigned to general Government loans with no specific conditions attached that the money must be spent for better schools and the other fundamental reforms.

Mr. MORSE. That is what I am asking for. I see one of my teachers on the Foreign Relations Committee, the Senator from Vermont [Mr. AIKEN], smiling as he listens to the present debate. The Senator from Vermont has exercised a great deal of influence on me, whether he knows it or not, with regard to the position he has taken from time to time in respect to the Alliance for Progress program. I am endeavoring merely to carry out a percentage restriction which I believe would reduce the amount of money available for general loans government-to-government. I would provide a better opportunity for obtaining money the expenditure of which would be specified for specific projects. As the Senator from Illinois knows, the problem that we have as Senators is that when we seek to obtain loans and grants for public works developments in our own States—and I am all for the procedure—we must show a benefit-cost ratio—and we should have to show it. We have to show that the project is desirable, because we are dealing, we say, with taxpayers' money. We certainly are. But AID is dealing with taxpayers' money. By this policy amendment—and I am offering my policy amendments today in order to have some votes on policy first before coming to specific money amendments—I am seeking to place some checks on AID as well as on Brazil, Argentina, and some of the other countries.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Vermont.

Mr. AIKEN. If the Senator could get the details of the situation accurately, he would find that the borrowing nation will use the money borrowed from the United States for purposes for which it would ordinarily use its own money, and that, in turn, releases its own money to pay off creditors, some of which may be in the United States, some in Europe, some here, there, and everywhere. That is what I meant when I asked the Senator if this was the "antijuggling amendment."

Mr. MORSE. There is no question about it.

Mr. AIKEN. I am sure, if the Senator would get to the bottom of this, he would find that that is what happens.

Mr. MORSE. The Senator will recall that in the past few years we had a discussion about this type of loan that was made to Argentina. When we dug into

the matter, I very well remember some of the comments of the Senator from Vermont. When we dug into it we found that the money of U.S. taxpayers that went into Argentina, under an unchecked procedure for a loan, was used to pay off American creditors.

Mr. DOUGLAS. Mr. President, if I may interject, what is that?

Mr. MORSE. Just what I said.

Mr. DOUGLAS. Does the Senator mean that we loaned money to Argentina which was not used for the benefit of the people of Argentina?

Mr. MORSE. It might be said that it was for their benefit. It enabled them to pay American creditors for goods imported in the past. I am talking now about a policy that does not provide for adequate checks. I do not believe there should be allowed the use of money out of the President's contingency fund or some other source to make this kind of loan to a government, with which the government in turn uses the money to pay off creditors. In that case, it was America creditors. Sometimes it is to pay European creditors.

Mr. AIKEN. Mr. President, if the Senator will yield further, I have great hopes for Brazil. It is a coming nation. It is a friendly nation. It is making progress. The value of its currency has improved in the past 6 months. But the Government of Brazil has done something else. It has abandoned the subsidy which it paid previously for the use of petroleum products. It subsidized the use of gasoline. It has eliminated that. A few years ago Bolivia subsidized the use of petroleum products. It, too, has stopped it. Nevertheless, Brazil still has to buy great amounts of petroleum and it has to be paid for.

Mr. MORSE. I have great hopes for Brazil, too. My amendment would afford her more hope. The amendment would provide that the government must ask for loans for specific projects. If they are sound, the committee, on which the Senator from Vermont also serves, will support it. I do not like unchecked power anywhere. I do not like the making of loans in a pig-in-a-poke manner, when we do not know what the purposes of the loans are, when we are expected to offer the money to them and let them spend it as they desire.

Mr. AIKEN. The Senator knows pretty well what it is used for. When we lend money for the purpose of improving the lot of the people, we are entitled to know that it is used for that purpose, and not used to pay off American or European creditors.

Mr. DOUGLAS. Mr. President, the Senators from Oregon and Vermont excite the curiosity of those of us who are not members of the Foreign Relations Committee. They speak of mysterious information that one or the other knows about the purposes for which the \$500 million has been loaned to foreign governments for undetermined, unspecified purposes. The Senator from Vermont implies that a major portion of this amount has been used not to improve the condition of the people, but to improve the credit standing of the country with foreign or external creditors.

I have always supported the Alliance for Progress, but I thought the money went specifically to help the people of Latin America. I suppose, since the Senator from Oregon states—and the Senator from Vermont does not contradict—that a major portion of the money goes for general purposes, it is difficult to know where it goes, but it is generally believed that large parts of the money go to pay off debts previously incurred.

Mr. MORSE. We are talking about the evil system with respect to a part of that money. This is not the total part of the Alliance for Progress money. I plead for the Senator from Illinois to continue to have faith, as the Senator from Vermont and I have overall faith, in the Alliance for Progress. This amendment would eliminate a policy that is unwise.

I criticize the use of the President's contingency fund for this purpose. That is why I am advocating a cut of \$50 million in the President's contingency fund. The contingency fund should be used only to meet an immediate, overnight emergency affecting the United States. It should not be used by the President to engage in international relations on his part. This money should not be used for balance of payments, credit payments, and what not, because the head of some other government says he is in an emergency, because the President of the Argentine or Brazil is in an emergency, for example. Let them come before us in the open and ask for a loan for a specific purpose, and let us pass judgment on the soundness of the loan for that purpose.

Mr. DOUGLAS. Mr. President, will the Senator forgive me for another question?

Mr. MORSE. I am glad to yield.

Mr. DOUGLAS. I understand that a loan of \$50 million was made to Brazil primarily to meet a deficit in the government budget, or possibly to redress an unfavorable balance of payments.

Mr. MORSE. Yes. That came from the President's emergency fund.

Mr. DOUGLAS. Not from the specific Latin American fund, but from the President's emergency fund.

Mr. MORSE. The President's emergency fund.

Mr. DOUGLAS. What about the loan to the Argentine?

Mr. MORSE. That was to pay off American creditors who had put the "heat" on the President of Argentina.

Mr. DOUGLAS. What kind of creditors?

Mr. MORSE. Oil creditors, shipping creditors. There is a long list of them. I do not recall all of them at the present time. There was quite a "hassle" about it at the time. Those of us protesting it were left in the minority.

Mr. DOUGLAS. Could the Senator insert in the Record the group which obtained the subsidy?

Mr. MORSE. I shall try to obtain it for the Record before we are finished with the bill. The member of the staff from the Foreign Relations Committee assisting me will proceed to obtain it.

Mr. DOUGLAS. Chile has been operating both under inflation and big

government deficits, I believe. Have such loans been made to Chile?

Mr. MORSE. Chile received a \$40 program loan a few months ago.

Mr. DOUGLAS. The Senator from Illinois has visited two Central American republics and two of the northern South American republics, and he thought the Alliance for Progress was working very well in all four of those countries. Like the Senator from Oregon, I am a supporter of the general program, but I was somewhat startled by the statement of the Senator from Oregon, which does not seem to be controverted in any way, that \$105 million, one-quarter of the loan funds devoted to AID last year, has been loaned for purposes which none of us thought were originally included in the program of the Alliance for Progress.

Mr. MORSE. That happens to be a fact. I have been urging my proposals. I have made them in the committee, too.

Mr. DOUGLAS. What was the decision in the committee?

Mr. MORSE. There was not very much discussion of them. I made my statement, and they were voted down.

Mr. DOUGLAS. The Senator from Oregon has made a grave statement.

Mr. TALMADGE and Mr. LAUSCHE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oregon yield, and, if so, to whom?

Mr. MORSE. I yield first to the Senator from Georgia.

Mr. TALMADGE. Is it the purpose of the Senator's amendment to the Development Loan Fund that the project for which the money is to be used must be specified and, that the money may be used for that particular project, and no other?

Mr. MORSE. That is the purpose of the amendment. It requires that 75 percent of the money be used for specific projects.

I believe that is where the bad policy develops. It discourages them from reforming their own economy, so long as they can think they can go along and call on Uncle Sam for help. It is pretty hard for politicians to put the economic screws on, instead of letting inflation continue, and not applying drastic limitations, especially limitations that are necessary to stop inflation, so long as they have a good hunch that Uncle Sam will bail them out. We are discouraging them from adopting procedures to bring about their own reforms.

I wish to stop the general import loans. I wish to see our taxpayer money spent for projects that we know have at least some chance of helping the people themselves.

Mr. TALMADGE. Does the Senator's amendment provide that the country receiving the money must put up a portion of its own funds for each particular project?

Mr. MORSE. No; this amendment does not provide for that specifically. Such a provision is not necessary to what I am trying to accomplish in this amendment.

Mr. TALMADGE. I thank the Senator. I think his amendment is a good amendment.

Mr. MORSE. I thank the Senator from Georgia.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. Without trying to pass on the merits of the amendment of the Senator from Oregon, I am obliged to say that the testimony shows that when a program is approved, it is done only after there is provided a complete description of what the program involves. Also required is supervision of what is being done under the program. I do not wish to remain silent and by doing approve the statement that loans are made without any previous knowledge of the purpose for which they are to be used.

Mr. MORSE. Will the Senator from Ohio tell the Senate what supervision there was of the \$50 million program loan from the President's contingency fund?

Mr. LAUSCHE. There may be greater strength to the Senator's argument with respect to the contingency fund. However, the fact is that with respect to program loans, a plan must be submitted. The plan is analyzed. Before any payments are made under it, it must be approved. After it is approved the AID supervises and watches the program to see that it proceeds as contemplated. Moreover, the Alliance for Progress watches what is being done in the economic development of each of the nations.

Mr. MORSE. The Senator from Ohio may have that point of view about the checks. I believe that the checks are not effective, and that they have not been protecting our interests. The loan should be made, in the first instance, for a specific project. That is what I am pleading for. We should prevent so much of the money going for general loans. All I am doing is cutting down a provision percentage-wise.

Mr. LAUSCHE. If the Senator states that he wishes to correct the specifics, that is one thing. Stating that there is a complete absence of specifics as to what is being done, is something else.

Mr. MORSE. I am saying that the specifics that are called for are not sufficiently restrictive to protect the American taxpayer. I hope the Senator will note what I am advocating:

(g) Not to exceed 25 per centum of the funds available for any fiscal year for making loans under this title may be used during any such fiscal year for loans for any purpose other than for specific developmental projects.

What is wrong with that? They can go up to 25 percent. What is wrong with limiting them to 25 percent?

On page 2 of my amendment I provide:

(h) Not to exceed 10 per centum of the funds available for any fiscal year for making loans under this title may be used during any such fiscal year for loans for any purpose other than for specific developmental projects.

What is wrong with that? Will the Senator tell me what is wrong with that kind of check? We must put that kind of check in the bill, so that the countries will know that the sky is not the limit when coming to the United States and asking for additional loans. They must

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do something for themselves. If they do not bring about inflation control, if they do not bring about fiscal improvement, they will continue to go along thinking that all they need to do is to come to Uncle Sam.

If we place a ceiling in effect, we will help them. We must be much more stringent on the AID people and on the State Department than we have been in the past. I know there will be some negative connotations from what I am about to say. We must be more insistent upon policing them so far as the interests of the American taxpayers are concerned.

The precise description of expected aid to each country comes marked "Confidential" and hence it cannot be inserted directly into the RECORD.

But I can give Senators an idea of the kind of information we have about these program loans, as compared with project loans.

In one country, for example, which receives large amounts of U.S. aid we are told:

It is likely that AID project loans will be made in fiscal year 1965 for power installations, mineral processing, and manufacturing industries. Program loans will finance imports of raw materials and semifinished commodities to help maintain production and the pace of investment.

In another country we find that—

U.S. loans will again be made to help finance the raw materials, equipment and spare parts which are an integral part of the development plan. Moreover, the bulk of U.S. nonproject imports goes to the private sector and is an important element in maintaining the pace of private investment activity. With an acceleration of the development program, and completion of feasibility studies for roads, power, and water resources, an increasing number of project loan requests are expected for fiscal 1965.

Senators may say that AID officials know what part the U.S. loan will play in a country's general economy; but the point I am making is that these program loans are not and cannot be identified with any given project. They simply go to finance general imports.

Mr. President, at the present time we are using two-thirds of the development loan money for general intergovernmental loans. They do not provide people-to-people aid. They are purely government-to-government, and they seek to influence and improve the well-being not of the people of the recipient country, but of its ruling class.

My amendment is both a refinement and an expansion of the amendment which last year gained the support of 31 Senators. This time it is not confined to the Alliance for Progress. For the Development Loan Fund it sets a ceiling of 25 percent on loan funds that can be used for nonproject aid. It sets a ceiling of 10 percent on Alliance for Progress loans for nonproject aid. Even that is very generous. It is more than I would like to see lent for general balancing of accounts. But it would make a start. It would tighten the legislative guidelines. It would restrict the amount of "lobbying" that foreign governments could do among American aid and diplomatic officials for untied loans.

Senators will recall that when we passed the Hickenlooper amendments cutting off aid to any country that expropriated American investments without compensation that we were accused of "tying the hands of the administration."

But we did tie them. And the next year the AID and State Department people found themselves quite pleased with the result.

It was interesting and pleasing to find the State Department officials, including the Secretary of State, and Mr. Bell, Director of AID, visiting with us in the Committee on Foreign Relations and expressing their pleasure with the way the program had worked. The year before, however, they had fought it. I believe that my amendment would perform a great service for Mr. Rusk and Mr. Bell. I believe that a year from now Mr. Rusk and Mr. Bell will be thanking us again.

Someone must make the fight. We should give the proposal a trial. If after a year it can be shown that what I say did not work, the present provision can be restored. Certainly things have been going well the way we have been operating. This proposal ought to be tried.

The congressional directive on expropriation left no room for quibbling with foreign governments. It removed from the realm of administration discretion the decision whether to reduce or to end aid to such countries. It simply said, "This is it." My amendment provides that 25 percent and 10 percent are to be the ceiling limitations, just as in the Hickenlooper amendment we had a rule of finality. Foreign countries could go to the ambassador or to the AID officials or come to Washington to see the Secretary of State, but they can always say, "There is nothing we can do about it. It is the law." I wish to put the Secretary of State in that position with respect to this problem.

The main foreign aid failures have resulted from the failure of Congress to make more legislative directives of the same nature. Here is an area where they are sorely needed, and my amendment would be a start toward correcting one of the worst abuses of foreign aid.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield.

Mr. MORSE. I yield to the Senator from Illinois.

Mr. DOUGLAS. It is sometimes said that these are loans which will ultimately be repaid and that, therefore, there will be no wasting of any money, assuming the amounts will be repaid. Is it true that the current interest terms are three-quarters of 1 percent interest during the first 10 years and 2 percent thereafter? I notice the compilation in a table on pages 42 and 43 of the report.

Mr. MORSE. Will the Senator please restate his question?

Mr. DOUGLAS. Is it true that the rate of interest on the Alliance for Progress loans is three-quarters of 1 percent during the first 10 years and 2 percent thereafter?

Mr. MORSE. That is the rule.

Mr. DOUGLAS. And that the average rate of interest on development and Alliance for Progress loans is 1.7 percent?

Mr. MORSE. It is about 2 percent.

Mr. DOUGLAS. A little under 2 percent?

Mr. MORSE. Yes.

Mr. DOUGLAS. Is it true that the average rate of interest charged by other members of the free world alliance is 5.1 percent?

Mr. MORSE. Not completely, but in most instances. Some countries are now beginning to negotiate lower interest rates.

Mr. DOUGLAS. So, on the whole, their interest rates are—

Mr. MORSE. Much higher.

Mr. DOUGLAS. About three times what the average rate is for Alliance for Progress loans?

Mr. MORSE. Much higher. That is why I am supporting the amendment of the Senator from Ohio [Mr. LAUSCHE] and the Senator from South Dakota [Mr. MUNDT] to bring interest rates up. I think they are too low.

Mr. DOUGLAS. Is it true that our loans run for 40 years?

Mr. MORSE. That is correct; in some instances, 50 years.

Mr. DOUGLAS. Is it true that the weighted average of Belgian loans is 7 years, and French loans 17 years?

Mr. MORSE. On the average, they are for a shorter period than ours.

Mr. DOUGLAS. So we are making very favorable terms?

Mr. MORSE. Oh, yes.

Mr. DOUGLAS. Frankly, I do not object to favorable terms. I am however concerned about the purposes for which the loans are spent. I am shaken, to tell the truth, by the material which the Senator from Oregon has cited, and which has not been contradicted.

Mr. MORSE. As the Senator knows, I also want fair terms to be imposed, but terms that are fair to the American taxpayers, too. In my opinion, the interest rate of three-quarters of 1 percent really does not cover the cost of administering the loans.

Mr. DOUGLAS. The Senator from Oregon would like to have the rate made 2 percent for the initial period of 10 years?

Mr. MORSE. At least that much.

Mr. DOUGLAS. Similar to the rate of interest on REA loans?

Mr. MORSE. At least that much.

Mr. DOUGLAS. Mr. President, I simply say that the Senator from Oregon has thrown down a startling and convincing challenge on this subject.

Mr. MORSE. Mr. President, I yield the floor.

Mr. FULBRIGHT. Mr. President, I hope the Senate will not accept the amendment. I may say, partly by way of background, that my comments have nothing to do with the merits of the amendment. To the best of my recollection, the amendment was not offered in the committee. However, the subject with which it deals was discussed at length in the committee with the administrator, Mr. Bell.

Mr. Bell stated, and I think most persuasively, that such program loans are highly essential to the development of a country, particularly loans under the Alliance for Progress, and for countries like India. A big part of the aid to India

has been in the form of program loans. That does not mean that specific uses were not provided; but the loans are made to the country to be used by it largely in the private sector. One of the major parts of the lending program is the lending of money to a government which will agree to relend it and make it available to private industry to import raw materials, machinery, and supplies for the industries of the country. That is in accordance with the overall development plan. It has been successful, according to the administration. The administration believes that this pending amendment would result in a degree of inflexibility which would greatly hamper the effectiveness of the overall program. In my opinion, the administration makes a good case.

The distinction between a loan to be used to pay a debt and a loan to build a bridge or a school is a slippery concept. For example, if a school is built directly with loan money, it relieves the Government directly from using its own money. If it uses the loan to pay off a debt, what is the difference as compared with paying it directly, assuming it is a recognized, legitimate need of the country under the specific conditions of that time?

If a program of development is undertaken in one of the countries, it is then up to the judgment of our people, working with the country concerned, as to where to put the emphasis. If a factory or a refinery is needed—let us suppose a fertilizer factory is needed—the efficient way to proceed is to make the money available to the government, which in turn can relend the money, under conditions specified by our AID program for that purpose; for example, the importation of a fertilizer plant or any other kind of equipment. Incidentally, time after time, the committee and Congress have included policy declarations to encourage the development of the private industrial sectors of the underdeveloped countries.

The loan to Brazil, which has been under discussion, did not come under this part of the program. In no way would it have been affected by the amendment. That money came out of a different category. Even if the amendment of the Senator from Oregon had been in effect, that loan would not have been affected by the amendment. It was a loan made, we all admit, under special circumstances, for the benefit of a new regime, a loan which we hoped would help to enable the new government to survive a difficult period. It would be used for the essentials of government.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement entitled "Program and Project Loans Under the Development Loan Fund and the Alliance for Progress."

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

PROGRAM AND PROJECT LOANS UNDER THE DEVELOPMENT LOAN FUND AND THE ALLIANCE FOR PROGRESS

The amendment provides that no more than 25 percent of the funds available in any fiscal year for DLF loans and no more

than 10 percent of the funds available in any fiscal year for the Alliance for Progress loans may be used for any purpose other than for specific developmental projects, which is to say, they can not be used for general country program loans.

In addition to injecting a general requirement of extreme inflexibility into the aid program, the amendment would be detrimental to the encouragement of self-help programs and internal reform. A project loan involves the donor only in a specific enterprise without permitting him to exert leverage for related projects, however vital they may be to the success of the enterprise for which the loan has been made. It is far easier to exert leverage for tax or land reform, for example, if aid is being provided for a unified program consisting of a number of specific projects than if the aid is being provided only for one project.

The purpose of our aid program is far more to encourage economic development by recipient countries themselves than to achieve it for them. Project assistance tends far more toward the latter.

However useful the project may be, it is unlikely to serve the legitimate interests of both the recipient and the donor unless it stimulates related projects. Program assistance, on the other hand, seeks to encourage unified growth and to encourage those measures of internal reform and self-help which will have an economic multiplier effect.

Mr. FULBRIGHT. Mr. President, I hope the Senate will not accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Virginia [Mr. BYRD], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Utah [Mr. MOSS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I also announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Massachusetts [Mr. KENNEDY] are absent because of illness.

I further announce that the Senator from Nevada [Mr. CANNON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Oklahoma [Mr. EDMONDSON], and the Senator from New Jersey [Mr. WILLIAMS] are necessarily absent.

I further announce that, if present and voting, the Senator from Ohio [Mr. YOUNG] and the Senator from Pennsylvania [Mr. CLARK] would each vote "nay."

On this vote, the Senator from New Jersey [Mr. WILLIAMS] is paired with the Senator from Virginia [Mr. BYRD]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from New Jersey would vote "nay."

On this vote, the Senator from Washington [Mr. JACKSON] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from Louisiana would vote "yea" and the Senator from Washington would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. PEARSON] and

the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

The Senator from New York [Mr. JAVITS] is absent on official business.

The Senator from Kentucky [Mr. COOPER] and the Senator from Arizona [Mr. GOLDWATER] are detained on official business.

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from New York [Mr. JAVITS]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from New York would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Pennsylvania would vote "nay."

If present and voting, the Senator from Kentucky would vote "nay."

The result was announced—yeas 40, nays 42, as follows:

[No. 526 Leg.]

YEAS—40

Alken	Ervin	Proxmire
Allott	Gruening	Randolph
Bayh	Holland	Robertson
Beall	Hruska	Russell
Bennett	Johnston	Simpson
Bible	Jordan, N.C.	Talmadge
Boggs	Jordan, Idaho	Thurmond
Carlson	Lausche	Tower
Cotton	McClellan	Walters
Curtis	Mechem	Williams, Del.
Dominick	Morse	Yarborough
Douglas	Mundt	Young, N. Dak.
Eastland	Nelson	
Ellender	Prouty	

NAYS—42

Bartlett	Humphrey	Monroney
Brewster	Inouye	Morton
Byrd, W. Va.	Keating	Muskie
Case	Kuchel	Neuberger
Church	Long, Mo.	Pastore
Dirksen	Magnuson	Pell
Dodd	Mansfield	Ribicoff
Fong	McCarthy	Salinger
Fulbright	McGee	Saltonstall
Hart	McGovern	Smathers
Hartke	McIntyre	Smith
Hayden	McNamara	Sparkman
Hickenlooper	Metcalf	Stennis
Hill	Miller	Symington

NOT VOTING—18

Anderson	Edmondson	Long, La.
Burdick	Goldwater	Moss
Byrd, Va.	Gore	Pearson
Cannon	Jackson	Scott
Clark	Javits	Williams, N.J.
Cooper	Kennedy	Young, Ohio

So Mr. MORSE's amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota to lay on the table the motion of the Senator from Arkansas to reconsider the vote by which the amendment was rejected.

Mr. MORSE. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Tennessee [Mr. GORE], the Senator from Washing-

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ton [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Utah [Mr. MOSS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I also announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator Massachusetts [Mr. KENNEDY] are absent because of illness.

I further announce that the Senator from Nevada [Mr. CANNON], the Senator from Pennsylvania [Mr. CLARK], the Senator from Oklahoma [Mr. EDMONDSON], and the Senator from New Jersey [Mr. WILLIAMS] are necessary absent.

I further announce that, if present and voting, the Senator from Ohio [Mr. YOUNG], the Senator from New Jersey [Mr. WILLIAMS], and the Senator from Pennsylvania [Mr. CLARK] would each vote "yea."

On this vote, the Senator from Washington [Mr. JACKSON] is paired with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from Washington would vote "yea," and the Senator from Louisiana would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. PEARSON] and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

The Senator from New York [Mr. JAVITS] is absent on official business.

The Senator from Kentucky [Mr. COOPER] and the Senator from Arizona [Mr. GOLDWATER] are detained on official business.

If present and voting, the Senator from Kentucky [Mr. COOPER] would vote "yea."

On this vote, the Senator from New York [Mr. JAVITS] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from New York would vote "yea," and the Senator from Arizona would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. SCOTT] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Kansas would vote "nay."

The result was announced—yeas 42, nays 41, as follows:

[No. 527 Leg.]

YEAS—42

Bartlett	Hill	Miller
Bayh	Humphrey	Monroney
Brewster	Inouye	Morton
Byrd, W. Va.	Keating	Muskie
Case	Kuchel	Nelson
Church	Long, Mo.	Pastore
Dirksen	Magnuson	Pell
Dodd	Mansfield	Ribicoff
Fong	McCarthy	Saltinger
Fulbright	McGee	Saltonstall
Hart	McGovern	Smathers
Hartke	McIntyre	Smith
Hayden	McNamara	Sparkman
Hickenlooper	Metcalf	Symington

NAYS—41

Aiken	Ervin	Proxmire
Allott	Gruening	Randolph
Beall	Holland	Robertson
Bennett	Hruska	Russell
Bible	Johnston	Simpson
Boggs	Jordan, N.C.	Stennis
Byrd, Va.	Jordan, Idaho	Talmadge
Carlson	Lausche	Thurmond
Cotton	McClellan	Tower
Curtis	Mechem	Walters
Dominick	Morse	Williams, Del.
Douglas	Mundt	Yarborough
Eastland	Neuberger	Young, N. Dak.
Ellender	Prouty	

NOT VOTING—17

Anderson	Goldwater	Moss
Burdick	Gore	Pearson
Cannon	Jackson	Scott
Clark	Javits	Williams, N.J.
Cooper	Kennedy	Young, Ohio
Edmondson	Long, La.	

So the motion to lay on the table was agreed to.

Mr. HART. Mr. President, I call up my amendment No. 1190.

The PRESIDING OFFICER. The amendment of the Senator from Michigan will be stated.

The Chief Clerk proceed to read the amendment.

Mr. HART. Mr. President, I ask unanimous consent that the reading of the amendment be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be printed in the RECORD.

The amendment is as follows:

On page 16, between lines 17 and 18, insert the following:

"CHAPTER 3—MISCELLANEOUS PROVISIONS

"SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended by adding at the end thereof the following new section:

"SEC. 648. SPECIAL AUTHORIZATION FOR USE OF FOREIGN CURRENCIES.—Subject to the provisions of section 1415 of the Supplemental Appropriation Act, 1953, the President is authorized, as a demonstration of good will on the part of the people of the United States for the Polish and Italian people, to use foreign currencies accruing to the United States Government under this or any other Act, for assistance on such terms and conditions as he may specify, in the repair, rehabilitation, improvement, and maintenance of cemeteries in Italy serving as the burial place of members of the armed forces of Poland who died in combat in Italy during World War II."

Mr. HART. Mr. President, before proceeding, I ask unanimous consent that the names of the distinguished Senator from Nebraska [Mr. Hruska] and the distinguished Senator from Minnesota [Mr. McCARTHY] be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HART. Mr. President, the amendment would authorize the President to use foreign currencies accruing to this Government to rehabilitate and to maintain the cemeteries in Italy which contain the graves of Poles who fell in the allied offensive at Monte Cassino in 1944.

The language which I suggest by the amendment we should add to the bill was contained in the bill as it came to us from the other body.

I am advised that the Director of AID would not object to the amendment. I do not state, and it would be improper to state, that he supports the amendment.

The facts, briefly, are as follows: Between 4,000 and 4,100 Poles fought and fell in the 2d Polish Army. These men very largely had escaped through the Mediterranean basin to the west after the Germans moved into Russia. History records many dramatic engagements in World War II, but I submit that history will always underscore the action in front of Monte Cassino at the

Rapido River as one of the very key days in the allied offensive. Those men were fighting with us and for the cause which we held dear. The Polish Government in Warsaw today is completely indifferent to the graves of these men. The Polish Government in exile in London in those days no longer exists.

It would seem to those of us who offer the amendment that we could very dramatically portray to the people of Poland our continuing concern and respect for Polish men who fell in defense of freedom's cause.

I very much hope that the Senate will return to the bill the language that came to us from the House. That would be the effect of the amendment.

For those who are interested in a brief sketch of the history of the cemeteries, I suggest that they reread an article which was contained in the CONGRESSIONAL RECORD of August 5, 1964, at page 17484. It is a description by a GI who returned to the great battle scene, and it is a heartbreaking story of the disrepair of the cemetery in Italy which contains the places of honored rest of brave men, the maintenance of which places America very prudently could authorize the President to undertake.

Mr. HRUSKA. Mr. President, will the Senator from Michigan yield?

Mr. HART. I yield.

Mr. HRUSKA. I thank the distinguished Senator from Michigan for extending to me the privilege of being a cosponsor of his amendment. I subscribe to the thoughts which he has expressed and the reasons that he thinks the amendment should be adopted. The world thrilled to the very bitter and strategic battle which occurred in Monte Cassino, approximately 20 years ago. But it was tragic in many of its aspects.

There has been the task of rebuilding the village. There has been a job of rehabilitating and, in fact, reconstructing the abbey itself. But the cemetery which is the last resting place of 4,085 members of the Polish contingency that fought on the side of the allies on that occasion lies quite abandoned and neglected. A memorial has been constructed at the site, but it is in a sad state of disrepair. It does not reflect any great credit upon the feeling of appreciation for the sacrificial acts that were performed there.

Obviously the present Government of Poland will have no part of it and will do nothing in the circumstances. There is no longer a Polish Government in exile in London; and if anything is to be done, it will have to be done by a method something like that which has been proposed by the Senator from Michigan in the amendment, and which the Senator from Nebraska supports. As I understand, the amendment would merely authorize the appropriation of funds. It would employ the use of counterpart funds wherever they are available and any such unexpended balance that there may be for this purpose. I urge Senators to adopt the amendment.

Mr. HART. Mr. President, I appreciate the support of the Senator from Nebraska.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. HART. I yield.

Mr. COOPER. I did not hear the explanation of the Senator from Michigan. Will he repeat his explanation?

Mr. HART. Very briefly, the amendment would authorize the President, when counterpart funds are available—and it would require a specific further appropriation action—to rehabilitate and thereafter maintain the cemetery in Italy in which are buried about 4,000 Polish soldiers who fought with the 2d Polish Army at Monte Cassino. Today, tragically, the cemetery is in terrible disrepair. It affronts anyone sensitive to the values that persuaded those men to make that sacrifice.

We in America could here make a significant gesture to the people of Poland and elsewhere in Eastern Europe, demonstrating our continuing realization that the aspirations which were theirs then and which we shared then continue to be shared. We think this is a tangible method to demonstrate that concern.

Mr. COOPER. I thought the Senator might have also been referring to the cemetery at Arnheim, where lie a number of Polish paratroopers who also gave their lives in their devotion to the allied cause.

Mr. HART. Mr. President, I yield to the Senator from Maine [Mr. MUSKIE], but first I ask unanimous consent that his name be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I thought it might be appropriate at this point to give the Senate some description of the Polish graves in Italy as contained in Mr. Deutschman's article. I quote as follows:

A few hundreds yards below the abbey is a small sign saying: "Polish Cemetery." The Free Poles were the ones who finally stormed and captured the remains of the abbey, and you walk for about a half mile past a jangly-belled donkey, two cows feeding in the bushes, and two gypsylike peasant women who hardly glance at you, to what is undoubtedly the most heartbreaking sight of your trip.

A graveled path leads up to a simple stone pillar with a cross on top. A growth of mimosa trees forms an impressive cross of greenery beside an altar, flanked by two Polish eagles, with 10 coats of arms on its front. Below is a plot of perhaps 500 graves.

But there is no caretaker here, and the altar has sightseers' names scratched on it (happily, no American ones). The graves are literally falling away into the earth. The crosses and flat stones are of inferior marble, and some in half; others have been eaten away by the weather so that you can barely make out the names engraved on them. Most of the men, you notice, died on May 12, 1944. Two of the crosses have faded bits of colored ribbon hanging from them, undoubtedly signifying medals. The gate has a pair of brave stone eagles on either flank, but they are corroded with holes. Underneath, there is a flame—like the Eternal Flame at Arlington or under the Arch of Triumph in Paris—but it is unlit, and there are three weatherworn wreaths alongside. You cannot help but contrast this Polish memorial with all others you have seen—and realize that there is inequality even in death.

I should like to point out, as the Senator from Michigan has so well pointed

out, that these are graves of men who fought for freedom in World War II, the men we cheered from the sidelines in America, for long months and years. They did not achieve their goal, but they died for it, and it seems to me we owe an obligation to honor them at the place where they fought and where they lie dead on Italian soil.

Mr. HART. I echo the eloquent plea made by the Senator from Maine.

Mr. President, I also ask unanimous consent to add as an additional cosponsor the name of the Senator from Wisconsin [Mr. PROXMIER].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HART. Mr. President, I am also delighted to ask unanimous consent that the Senator presiding in the chair at the moment, the Senator from Hawaii [Mr. INOUYE], may be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Mr. President, will the Senator yield?

Mr. HART. I yield to the Senator from Rhode Island.

Mr. PELL. It is my recollection that the Poles who were fighting at Monte Casino were under British command. Have the British, under whose command the Poles were fighting, been contacted with respect to the responsibility of looking after the graves?

Mr. MUSKIE. It is true, as the Senator has said, that the British Army was in command and that the Poles took their general field direction from them.

As to the specific question addressed to me, I must confess I have no knowledge of it. I do not know whether the British Government would care to cooperate in the undertaking or not. I would feel that we clearly could rehabilitate these graves, and not condition our action upon the participation by any other people, although it would be surely welcome if the British Government expressed a similar desire.

Mr. PELL. Mr. President, will the Senator yield further?

Mr. MUSKIE. I yield.

Mr. PELL. Does the Senator have knowledge of any other graves honoring allies or co-belligerents of ours that we currently take care of now?

Mr. MUSKIE. I do not know whether there is a comparable cemetery or not.

Mr. PELL. Otherwise, would it not be establishing a precedent as to future wars and in connection with past wars?

Mr. MUSKIE. If this is indeed a precedent, I think the compelling reasons for doing this as a first step are sufficient unto themselves and would indeed persuade us to act similarly in the future—pray God we shall not have another war—for those who fought and died for us and who were dishonored in that place of rest. I would pray that in the future there will be no similar need. We all hope there will be no such necessity. Indeed, we are told, if there is a war on a massive scale there will not be enough people left to dig graves for the dead.

Mr. PELL. I think it will be found that in the Far East and Eastern Europe

there are many graves of those who fought for our cause or our side of the war which are in bad condition indeed.

Mr. MUSKIE. If that is the case, I would suggest that our own Battle Monuments Commission inventory and report on them. I for one would feel very uncomfortable if this situation were found to exist, and would indeed urge that it be corrected.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. BEALL. Is it the Senator's intention to ask for the yeas and nays on this amendment?

Mr. MUSKIE. No; we are content to accept the sound judgment of Senators present on the floor.

Mr. BEALL. Mr. President, I wonder if the Senator would allow me to become a cosponsor?

Mr. MUSKIE. I would be delighted.

Mr. BEALL. I ask to join the amendment as a cosponsor, and I also ask that same permission in behalf of the Senator from Pennsylvania [Mr. SCOTT].

Mr. HART. Mr. President, I ask unanimous consent that the names of the Senator from Maryland [Mr. BEALL] and Pennsylvania [Mr. SCOTT] be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President, I desire to offer my support of the amendment offered by the Senator from Michigan, and I ask unanimous consent to have my name added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President, I cannot help recalling that when Poland fell 200,000 Poles left Poland as the remnants of the government of that nation. Most of them went to England and there awaited assignment to the various battlefields of the world. As the war continued we found the Poles fighting not only in Africa, Italy, and France, but everywhere where the cause of freedom was being defended. The Poles were friends of the West. They were not Communists. They, in a measure, subsequently became the victims of the perfidy of Red Russia when, through the air waves, Red Russia called upon the Poles to revolt under Nazi domination in the belief that Red Russia would come to its aid.

Today, Poland is ruled by Communists. The friends of the West are not loved by the Communist government. The Polish people, however, are on our side. I venture to say that in behalf of the 4,000 Poles who lie asleep at the cemetery near Monte Cassino the bells of Poland do not toll in memory. Prayer in public cannot be said in their behalf. Wreaths of flowers cannot be placed upon the graves of those patriots by the Polish people. Prayers and the ritual of mass cannot be said in their memory in Poland. If there is to be an honoring of these patriots of the West, it will not come through the words of the Communist government. It may come some day when freedom is restored in Poland.

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While we await that day, knowing what these volunteers of Poland did, it is only proper that our government honor these graves. Those heroes did not run. They stood fast, ready to be assigned wherever the West would send them. The consequence is that the lives of the Poles were given in practically every important battle in which we were engaged. It is nothing more than a tender token of the sympathy of the American people to honor those graves and to let the Polish people know that while the Communist government of Poland will not do the job, we of the United States will.

I commend the Senator from Michigan.

Mr. HART. I appreciate what the Senator has said. I hope the Senate will adopt the amendment.

Mr. FULBRIGHT. Mr. President, the provision was contained in the House version. The Senate committee struck it out, because in our opinion, there was no testimony to justify such a provision. These Poles were not members of the United States Armed Forces. They were primarily members of the British forces. They were not American soldiers; in other words.

I also point out that no excess lire are available. It would be necessary to appropriate the money from the Treasury to implement this provision. As much sympathy as I have for the Poles, soldiers of many nationalities fought in our armies, in the British Army, and in other foreign armies of the West in various wars, for whom we could do the same thing that is suggested we do for the Poles.

This would be an unprecedented action. I can think of no case in which we have made an appropriation of Federal funds to care for cemeteries of nationals of other countries who have been engaged in battles in which we had an interest.

I presume we could find, if we looked over the world, many instances in which nationals of other countries have fallen in battles in which we were interested; but in no case, to my knowledge, would we find our Government undertaking either to build or care for or maintain cemeteries for nationals of other countries.

Finally, the question will be in conference with the House, and it could be more amply discussed and perhaps resolved at that time. For the moment, the committee voted to eliminate the provision. I hope the Senate will support the committee in this respect.

Mr. KEATING. Mr. President, I wish to express my commendation for our colleague from Michigan [Mr. HART] for raising this important issue, and to tell him that I support the amendment completely. With his permission, I should be delighted to be a cosponsor of the amendment.

Mr. HART. I ask unanimous consent that the Senator's name may be added to the amendment as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. While I realize that the matter will be in conference even if

we do not take action here, my experience with this kind of proposal for conference committee consideration has not been a happy one. I remember several instances when amendments were accepted and taken to conference, and that was the last we ever heard of them.

Without in any way challenging the good faith of the distinguished chairman of the Foreign Relations Committee, or his statement that the question would be considered in conference, as I understand, all that is involved is the use of foreign currencies that accrue to our Government. While the currencies may not be available in Italy, they are available in a number of other countries and possibly could be transferred.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. FULBRIGHT. That is not relevant. It is not possible to use rupees in Italy for example.

Mr. KEATING. But it is possible to use rupees if the authorization to use rupees is there.

Mr. FULBRIGHT. In Italy?

Mr. KEATING. Members of Congress traveling abroad are given counterpart funds. Through an arrangement with the State Department, the Department makes available counterpart funds for use by Members of Congress in countries that do not have counterpart funds. I believe that the Polish soldiers who fought side by side with us are just as worthy of consideration in the use of these counterpart funds as is any Member of Congress.

Mr. FULBRIGHT. I do not argue against the Senator's feeling in the matter. He may be right. However, the so-called counterpart funds are not counterpart in the sense that they were originally intended to be. When the Senator goes to Italy and is given lire that is exactly the same as giving him dollars. It costs the same amount. The Government has to buy lire. It is not possible to use rupees.

Mr. KEATING. The amendment would only authorize the use of foreign currencies for assistance in Italy.

Mr. FULBRIGHT. But it must be lire.

Mr. KEATING. Of course, it must be lire that are spent. My point is that if it is a worthy purpose, it should be done. It may be that lire will develop in the future before we need to use this fund, through sales of surplus foods, for instance. I recognize they are not there today. In the case of traveling Members of Congress, an arrangement is made whereby the currency of a country which has no counterpart funds is made available to a traveling Member of Congress through an arrangement made with some country which has counterpart funds. This is as worthy a case as that of any Member of Congress traveling in Europe.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. FULBRIGHT. The administration does not do what the Senator says it does out of the goodness of its heart.

Congress requires it to do so. If the Senator wishes to sponsor an amendment to the effect that no Member of Congress may have the use of these counterpart funds, I might support him. The administration does it because Congress says it must do it, because Congress requires the administration to do it.

Mr. KEATING. I recognize that it is authorized to be done, just as this action would be authorized to be done, if the amendment were adopted. My point is that this is as worthy a cause as that of a traveling Member of Congress.

Mr. FULBRIGHT. That might be.

Mr. KEATING. The amendment is in line with a legislative proposal which I have made, for veterans benefits to be paid to veterans of the Free Polish Army and other armies which fought side by side with us during World War II for the same objective. They, too, deserve veterans benefits to help them and their families pay for medical bills or other expenses which derive directly or indirectly from their years of fighting for the cause of freedom.

The amount involved is not large. It would serve as a tribute to the heroes of Polish ancestry who died, as our boys died, in Italy during World War II. The relatives of many of them now live in this country.

The very least we can do is to provide a suitable burial place for members of the Polish Army who died in the battles of Monte Cassino and the Allied landings in Italy. If our own soldiers were here to speak today, they would welcome this meritorious amendment.

Again, I commend the distinguished Senator from Michigan for bringing it to our attention. I believe it should have overwhelming support.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan [Mr. HART].

Mr. MANSFIELD. Mr. President, on this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Tennessee [Mr. GORE], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Utah [Mr. MOSS], the Senator from Ohio [Mr. YOUNG], the Senator from Virginia [Mr. BYRD], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

I also announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Massachusetts [Mr. KENNEDY] are absent because of illness.

I further announce that the Senator from Nevada [Mr. CANNON], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Pennsylvania [Mr. CLARK], and the Senator from New Jersey [Mr. WILLIAMS] are necessarily absent.

I further announce that, is present and voting, the Senator from New Jersey [Mr. WILLIAMS], the Senator from Ohio [Mr.

YOUNG], and the Senator from Pennsylvania [Mr. CLARK] would each vote "yea."

On this vote, the Senator from Washington [Mr. JACKSON] is paired with the Senator from Louisiana [Mr. LONG].

If present and voting, the Senator from Louisiana would vote "nay" and the Senator from Washington would vote "yea."

Mr. CARLSON. I announce that the Senator from Kansas [Mr. PEARSON] and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

The Senator from New York [Mr. JAVITS] is absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is detained on official business.

If present and voting, the Senator from Arizona [Mr. GOLDWATER], the Senator from New York [Mr. JAVITS], the Senator from Kansas [Mr. PEARSON], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "yea."

The Senator from Illinois [Mr. DIRKSEN], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business at the White House.

The result was announced—yeas 60, nays 18, as follows:

[No. 528 Leg.]

YEAS—60

Allott	Gruening	Morton
Bartlett	Hart	Mundt
Bayh	Hartke	Muskie
Beall	Holland	Nelson
Bennett	Hruska	Neuberger
Bible	Humphrey	Pastore
Boggs	Inouye	Prouty
Brewster	Jordan, Idaho	Proxmire
Byrd, W. Va.	Keating	Randolph
Carlson	Lausche	Ribicoff
Case	Long, Mo.	Salinger
Church	McCarthy	Stennis
Cooper	McGee	Symington
Cotton	McGovern	Talmadge
Curtis	McIntyre	Thurmond
Dodd	McNamara	Tower
Dominick	Mechem	Walters
Douglas	Metcalf	Williams, Del.
Eastland	Miller	Yarborough
Fong	Monroney	Young, N. Dak.

NAYS—18

Aiken	Johnston	Pell
Ellender	Jordan, N.C.	Russell
Ervin	Magnuson	Simpson
Fulbright	Mansfield	Smathers
Hayden	McClellan	Smith
Hill	Morse	Sparkman

NOT VOTING—22

Anderson	Gore	Pearson
Burdick	Hickenlooper	Robertson
Byrd, Va.	Jackson	Saltonstall
Cannon	Javits	Scott
Clark	Kennedy	Williams, N.J.
Dirksen	Kuchel	Young, Ohio
Edmondson	Long, La.	
Goldwater	Moss	

So Mr. HART's amendment was agreed to.

Mr. HART. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. KEATING. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. MORSE. Mr. President, I wish to make a statement in explanation of my vote against the Hart amendment,

which amendment was just adopted by the Senate. I was called from the Chamber when the chairman of the Foreign Relations Committee [Mr. FULBRIGHT] made his statement in regard to this particular amendment.

I had planned to vote for the amendment. I believe that we should do what we can to provide appropriate care for the graves of Polish veterans of World War II in Italy.

Inasmuch as I was absent from the Chamber, and did not get back until the vote had started, I therefore could not ask any questions.

I was advised that the chairman of the Foreign Relations Committee had said that there are no excess funds in Italy.

I hold his statement in my hand, in which he states, in part:

First, no testimony was presented during the hearing phase which would have clarified the arguments for this proposal and its further implications; second, the foreign currencies referred to obviously would be Italian lire, which are not in "excess" supply. In connection with the second point, a successful effort to implement this authority could take place only if dollars were appropriated with which to buy lire.

While the vote was being taken, I asked certain questions of my colleagues on the Committee on Foreign Relations. They said there are not any excess Italian funds, that we do not have a storage supply of Italian so-called counterpart funds, as we have with so many other countries of the world. Therefore I decided that I could not vote for what I considered to be an empty gesture.

It is my own personal opinion that my constituents are entitled to know my reasons for the vote. I could not vote for an amendment, although I am for the purpose of the amendment, when at the time of the vote I was voting funds which were nonexistent.

I believe that raises false hopes. If they state in the bill that they wish to make an appropriation to pay for perpetual care for Polish graves in a cemetery in Italy, I believe I would support that bill.

I voted against this because in my judgment I thought it was asking me to vote for something when, in fact, the funds that are supposed to be used to accomplish the purpose are nonexistent. The Senator from Oregon does not hold for that kind of legislation.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. JOHN B. BENNETT, late a Representative from the State of Michigan, and transmitted the resolutions of the House thereon.

DEATH OF JOHN B. BENNETT, A REPRESENTATIVE FROM THE STATE OF MICHIGAN

Mr. HART. Mr. President, we have just been advised of the death of the senior member of the Michigan delega-

tion, Representative JOHN B. BENNETT.

I am sure that there will be time for those of us who knew him well to express more fully and adequately our deep regret at his passing.

While I am in the Chamber, I assure the family of Representative BENNETT of the great sense of loss that each Senator feels. Whatever political differences there may have been, in everything that Representative BENNETT did, he always sought to do that which would advance the best interests of his country.

The PRESIDING OFFICER. The Chair lays before the Senate a resolution from the House of Representatives, which the clerk will read.

The Chief Clerk read as follows:

Resolved, That the House has heard with profound sorrow of the death of the Honorable JOHN B. BENNETT, a Representative from the State of Michigan.

Resolved, That a committee of fifty-four Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect, the House do now adjourn.

Mr. HART. Mr. President, I send to the desk a resolution and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the resolution submitted by the Senator from Michigan.

The Chief Clerk read the resolution (S. Res. 349) submitted for himself and Mr. McNAMARA, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JOHN B. BENNETT, late a Representative from the State of Michigan.

Resolved, That a committee of two Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit an enrolled copy thereof to the family of the deceased.

The resolution was considered by unanimous consent, and unanimously agreed to.

The PRESIDING OFFICER. The Chair appoints the two Senators from Michigan [Mr. McNAMARA and Mr. HART] to accompany the committee from the House to attend the funeral of the late Representative BENNETT.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 11380) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. PROXMIRE. Mr. President, I call up my amendment No. 1207 and ask unanimous consent that the amendment